



**Japan Finance Corporation**

Guide to the Operations  
of the Micro Business  
and Individual Unit

**2023**



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 FY2022 we provided loans to support enterprises affected by the COVID-19 pandemic, rising oil prices, price hikes, and other factors, and endeavored to perform our safety net functions.

We are also putting efforts into providing support for our customers' core business so that we can support the business continuity and growth of businesses that are still facing a challenging business environment. We will strive to understand and share information on management issues through dialogue with customers in all stages, including interviews and post-financing follow-ups, and work to solve their issues.

We will also continue our work with regional financial institutions, Chambers of Commerce and Industry, Societies of Commerce and Industry, tax accountants, and other relevant regional organizations to support cash flow and core business. When cooperating with regional financial institutions, we will create and use cooperative loan programs, and when cooperating with Chambers of Commerce and Industry, Societies of Commerce and Industry, tax accountants, and others, we will hold consultation sessions and seminars and undertake other programs. In addition, we will play a role in connecting relevant regional organizations such as providing referrals to customers according to their management issues.

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

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.

At a time when the managers of SMEs and micro/small businesses age, business succession support is an important policy.



In response, we strengthen our cooperation with some organizations related to commerce and industry for "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.

We are making efforts to disseminate information concerning both social business support and overseas expansion support. Regarding the former, we have published 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.

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 relevant regional organizations, 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.

**IWAMOTO Tatsuhiro**

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, 2023)

- 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: 11,696.1 billion yen  
Reserve fund: 5,309.0 billion yen
- Branch Offices: Branch Offices in Japan: 152  
Overseas representative offices: 2
- Employees: 7,436 (budgetary fixed number for FY2023)
- Outstanding Loans: 28,097.0 billion yen
  - Micro Business and Individual Unit: 12,156.3 billion yen
  - Agriculture, Forestry, Fisheries and Food Business Unit: 3,670.8 billion yen
  - Small and Medium Enterprise (SME) Unit (Finance Operations): 8,365.7 billion yen
- Operations to Facilitate Crisis Responses: 3,808.8 billion yen
- Operations to Facilitate Specific Businesses Promotion, etc.: 95.2 billion yen
- Outstanding Amounts of Insurance
  - Small and Medium Enterprise (SME) Unit (Credit Insurance Programs): 40,671.3 billion yen

## Basic Philosophy

### ● Focused policy-based financing

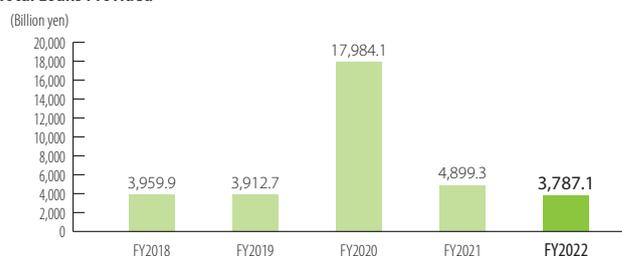
Following the national policy, provide flexible policy-based financing by utilizing a variety of financing programs and schemes to meet the needs of society, while complementing the activities of private financial institutions.

### ● Mainstreaming governance

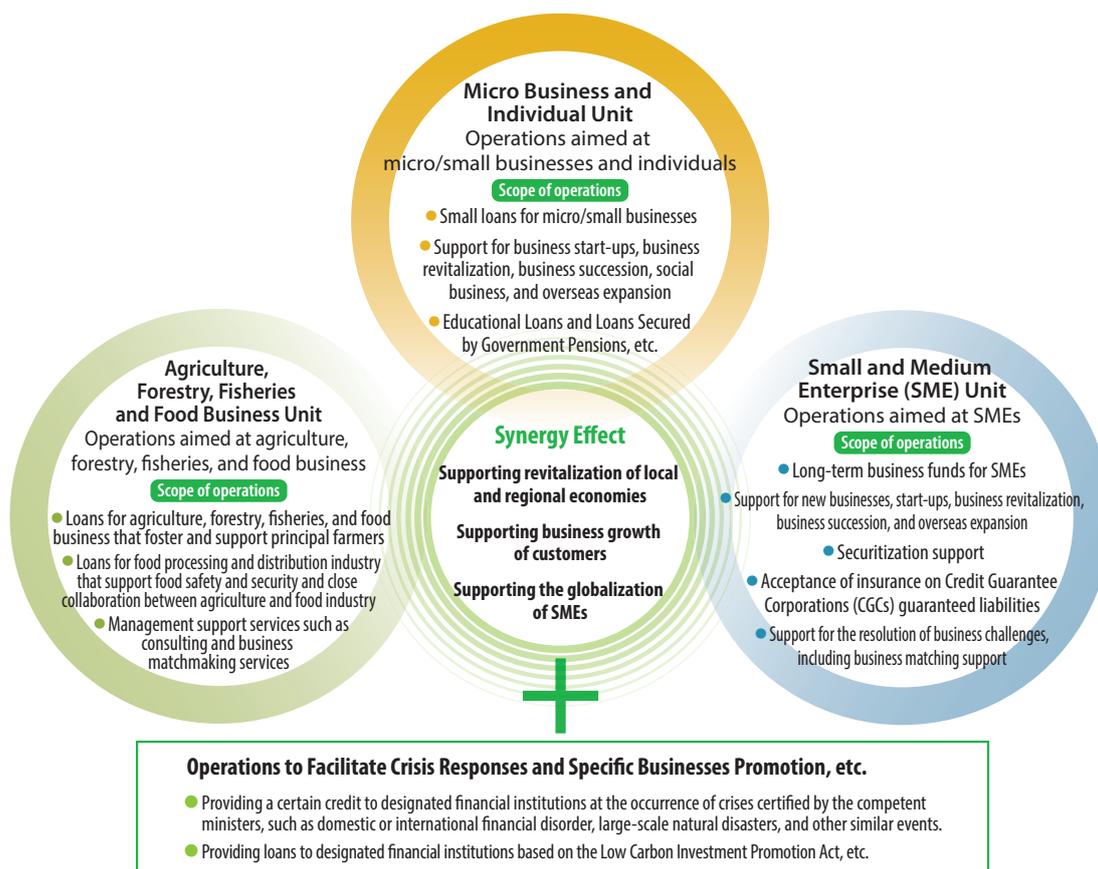
Strive to conduct highly transparent and efficient business operations based on a high level of corporate governance and hold itself accountable to the public.

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

### Total Loans Provided

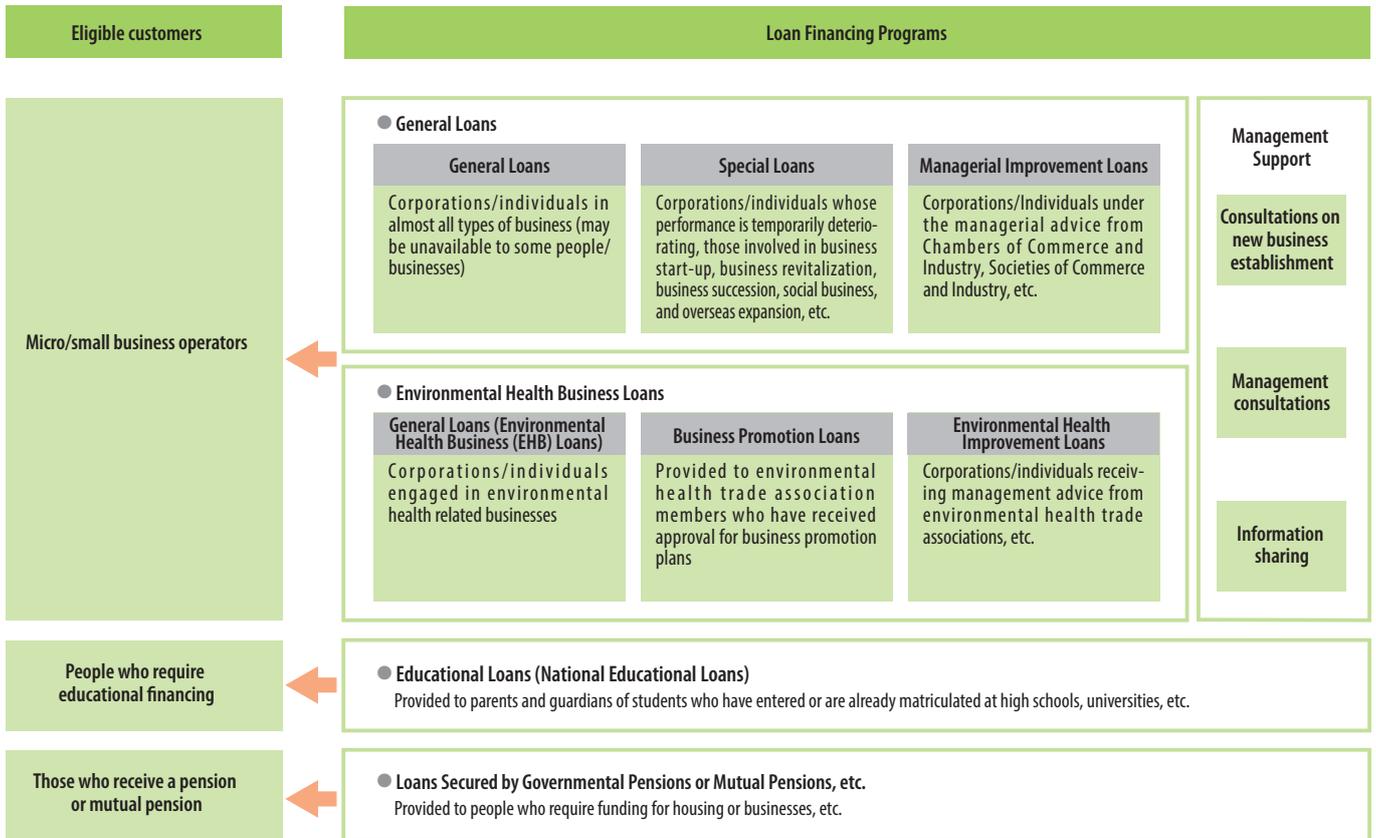


## Major Business Operations of JFC



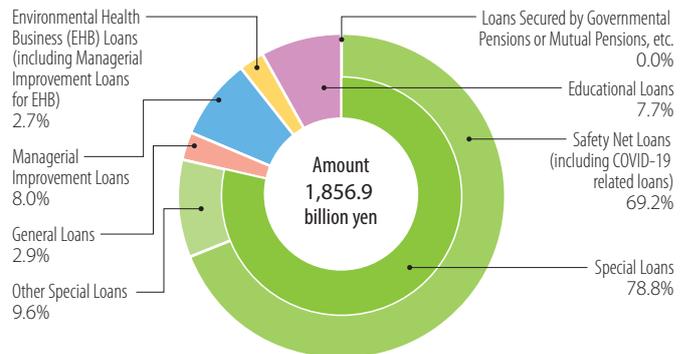
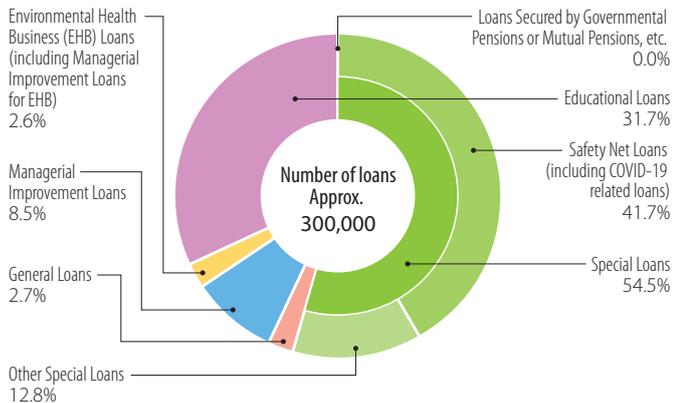
# Overview of the Micro Business and Individual Unit

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

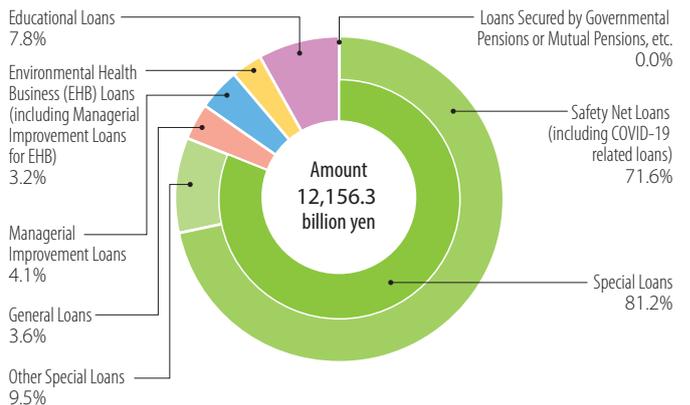
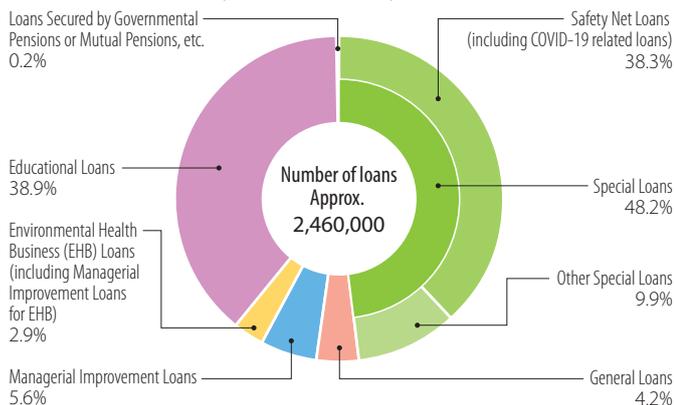


Overview of the Micro Business and Individual Unit

**Breakdown of Loans (FY2022)**



**Breakdown of Loan Balance (as of the end of FY2022)**



## Support for Micro/Small Businesses

### Loans Used by Many Customer

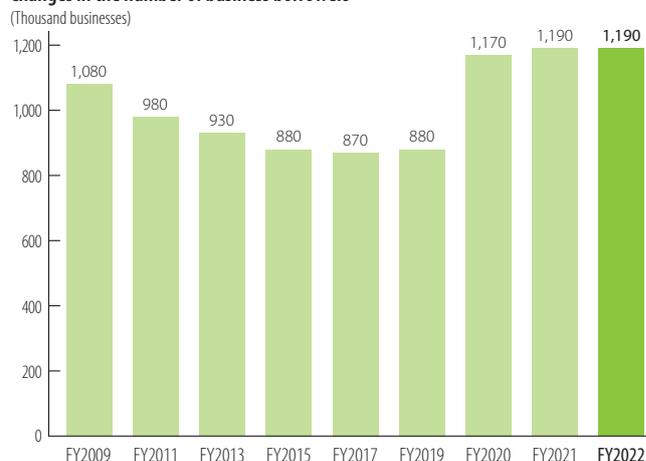
JFC-Micro loans are used by many micro/small businesses, which are the source of vitality of the Japanese economy, employing many people, and support regional economies.

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, 2023. 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 9.35 million yen. Also, more than 90% of all loans are unsecured.

Number of business borrowers and average loan balance per business (as of the end of FY2022)

	JFC-Micro	Credit associations (254 associations)	Domestic banks (132 banks)
Number of business borrowers	1.19 million businesses	1.25 million businesses	2.22 million businesses
Average loan balance per business	9.35 million yen	43.18 million yen	107.75 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

### Promoting Loans That Do Not Rely on a Guarantor

We are promoting loans that do not rely on a guarantor by preparing financing programs such as the Start-up Loan Program, Managerial Improvement Loans (MARUKEI Loans), and Manager Guarantee Exemption Special Program.

Results for loans that do not rely on a guarantor

(Number of loans, billion yen, %)

	FY2020		FY2021		FY2022	
	Number of loans	Amount	Number of loans	Amount	Number of loans	Amount
Number and amount of new loans provided without a guarantee	504,563 (58.4)	4,120.0 (45.6)	167,303 (66.5)	1,167.1 (51.4)	143,964 (69.5)	958.1 (55.9)

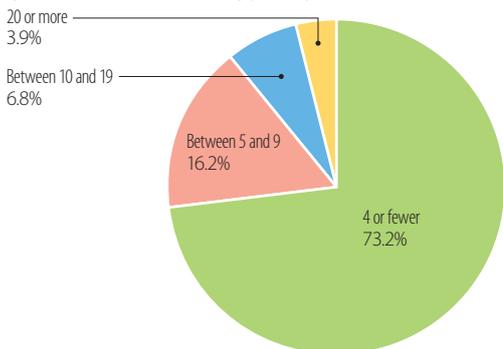
Notes: 1. Total of General Loans (direct loans) and Environmental Health Business Loans (direct loans).

2. Figures in parentheses indicate the percentages of total loans provided to corporations and sole proprietorships.

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

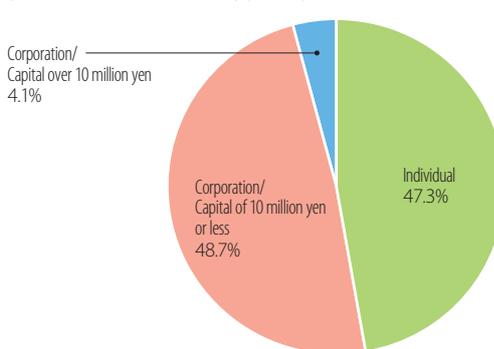
Approximately 90% of borrowers have nine or fewer employees, and many are sole proprietors.

**Breakdown of borrowers by number of employees (based on the number of loans) (FY2022)**



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) (FY2022)**



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

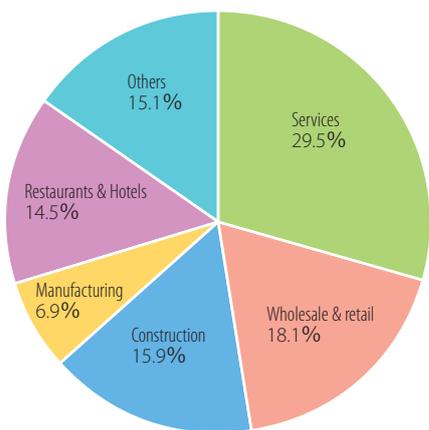
## Providing Loans for Various Types of Micro/Small Businesses through Our 152 Branch Offices

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.

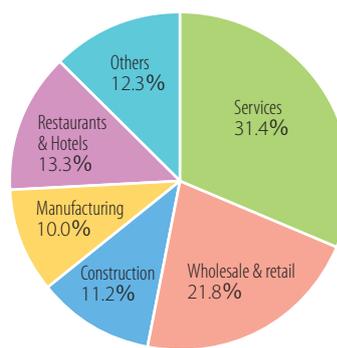
Also, borrowers cover a wide range of micro/small businesses in various life stages such as those recently established that are aiming for growth to those with a solid management foundation and a stable business.

**Breakdown of loans by type of business (based on the number of loans) (as of the end of FY2022)**



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 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, 2023, we provided a total of 1,096,872 COVID-19 related loans worth a total of 12,463.4 billion yen.

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 normal time.

### 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 Business Reorganization

Company B is a wholesaler of marine products and processed marine products and processor and seller of scallops. The company started business as a manufacturer of electronic components, and began wholesaling marine products and processed marine products in 2010. Its factory was completely destroyed by the Great East Japan Earthquake, but it was able to resume operations in March 2012, by focusing its business on wholesale marine products and processed marine products. By using the technology that it acquired in the electronics components manufacturing business, the company was able to increase work efficiency by creating automatic sorting machines and other equipment, and worked to rebuild its business.

The company was affected by the COVID-19 pandemic including a decline in demand from restaurants, but it decided to launch scallop processing as a new business with the aim of expanding business after the pandemic came to an end. Based on a business plan that the company created, the scallop processing business was financed by a COVID-19 Hybrid Subordinated Loan provided as a cooperative loan with a regional financial institution to be used to finance facilities including a new processing plant to be constructed, freezing in refrigeration equipment, and machinery in preparation for the new business.



Company B's products

# 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, other natural disasters 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 June 30, 2023)

	Number of consultation desks	Names of consultation desks	Date of establishment
Disaster-related	9	Special consultation desk for the Great East Japan Earthquake	Mar. 2011
		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 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
		Special consultation desk for damage suffered as a result of heavy rain from August 3, 2022	Aug. 2022
		Special consultation desk for damage suffered as a result of Typhoon No. 14 of 2022	Sep. 2022
		Special consultation desk for damage suffered as a result of Typhoon No. 15 of 2022	Sep. 2022
		Special consultation desk for damage suffered as a result of the earthquake in the Noto region in Ishikawa Prefecture in 2023	May 2023
		Special consultation desk for damage suffered as a result of heavy rain associated with weather fronts and Typhoon No. 2 in 2023	Jun. 2023
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, 2023)

A total of 239,916 loans amounting 2,258.5 billion yen have been disbursed to borrowers affected by the Great East Japan Earthquake from the happening of the incident until March 31, 2023.

### 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

# Support for Our Customers' Core Business Initiatives

## JFC-Micro Supports Customer Business Continuity and Growth

We share information on our customers' managerial strengths and issues through dialogue with them, not only when providing loans, but in all phases including post-financing follow-ups. When addressing these issues that have been shared, we use financial diagnostic services and SWOT analysis services to provide advice and information that is useful for management as well as support collaboratively with outside experts.

### ● Support Provided in Collaboration with Outside Experts

We use the JFC's network with relevant organizations to respond to customer managerial issues and requests in cooperation with outside experts.

### ■ Examples of Outside Experts

- Chambers of Commerce and Industry, Societies of Commerce and Industry
- Environmental health trade associations
- Prefectural environmental health business guidance centers
- Japan External Trade Organization (JETRO)
- Organization for Small & Medium Enterprises and Regional Innovation, Japan
- Tax accountant organizations
- Yorozu Support Centers
- Business succession support centers
- Small and Medium Enterprises Revitalization Council
- Professional Human Resource Strategy Centers
- Bar associations
- Labor and social security attorney's associations
- Shiho-shoshi (solicitor) associations
- Certified administrative procedures legal specialist associations
- Japan Small and Medium Enterprise Management Consultant Association

## Examples of Core Business Support Provided in Cooperation with Outside Experts

Company D operated a popular gelato shop that used local ingredients and season fruits. Due to effects from the COVID-19 pandemic, a decision was made to close the tenant building where the shop was located, and the company has no choice but to relocate. When relocating, the company considered reopening it with newly opening an Italian bar. This required enhanced publicity, and JFC-Micro cooperated with a Yorozu Support Center to provide support. The Yorozu Support Center provided advice on the concept of the shop, information to disseminate on social media, and how to take photographs. As a result, the shop gained fans in Japan and overseas, and reporting requests from the media increase.



Company D's products

## JFC-Micro Uses Its Nationwide Network of 152 Branches to Provide Matching Services

To support solutions to the various management issues that customers face, JFC-Micro uses its nationwide network of 152 branches to provide matching services.

### ● Overview of matching services

#### ■ Holding business matching events

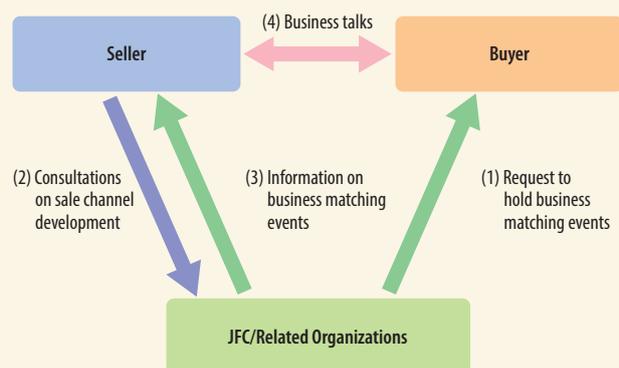
With the objectives of expanding customer sales channels and creating new business opportunities, JFC-Micro collaborates with Chambers of Commerce and Industry, Societies of Commerce and Industry, and other relevant organizations to hold business matching events with buyers that have local roots as well as buyers with nationwide sales channels.

#### ■ Operation of business matching site

JFC-Micro operates the JFC Internet Business Matching site (<https://match.jfc.go.jp/>) with the aim of supporting our customers to expand their sales channels.

Customers can easily make inquiries and hold business talks with other members on the site according to their needs.

Note: There is a prior screening before the site can be used.



Representation of a business matching events

## 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 25,500 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 startup) in FY2022 totaled 25,500.

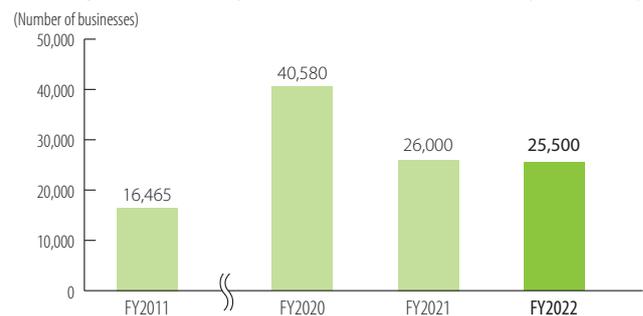
It can be considered that approximately 79,000 job creations a year have been made as a result of these loans disbursed to business start-ups.

#### [Job Creation Effects]

**25,500 businesses × average of 3.1 employees<sup>(Note)</sup> = 79,050 employees**

Note: The average number of employees at time of business start, based on Survey on Business Start-ups in Japan (FY2022) 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  
FY2022  
**6,367** businesses

Youth (aged under 35)  
FY2022  
**7,368** businesses

Seniors (aged 55 and above)  
FY2022  
**2,386** 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: Using a Woman's Perspective to Launch a FemTech Business

Company E manufactures and sells functional undergarments for women. The head of the company, who had many years of experience in the apparel industry, moved to a rural area because of her hobby of surfing. In the past, she had personally encountered super-absorbent underwear and was impressed by the functionality, so she launched a FemTech brand and established the company with the hope of contributing to solutions to the health issues of working women. The company made a good start, including winning the grand prize in a local business plan contest, and recently started exporting its products overseas.

JFC-Micro provided a loan for operating funds necessary to produce products.



The head of Company E and Company E's products

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

Company F 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.

JFC-Micro provided a loan for operating funds for product procurement as well as funding for equipment needed for store renovation.



Company F's products

## Example of a Senior Entrepreneur: Addressing Local Issues through a Shopping Support Service

When the head of Company G went shopping on behalf of her aged mother, she realized that there were a lot of people in the region where she lived who had trouble with shopping. She created a shopping support service for seniors with the hope of eliminating this hardship from the lives of such people.

She also developed a Shopping Platform (a portal site with product photos) that supports online orders to enhance convenience to users and also provides an at-home ordering service so that users who are not familiar with IT will not be left out.

JFC-Micro provided a loan for operating funds needed for system operation.



Using Company G's services

## Consultation Week Held for Women and Youth Entrepreneurs

JFC-Micro has been holding Consultation Week for Women and Youth Entrepreneurs, a consultation event for 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.

This event was held in various formats such as face-to-face, online and hybrid in FY2022. A total of 1,408 people participated, and the level of satisfaction amongst participants was greater than 90%.



## Story: A Collection of Entrepreneurship Case Studies from Around the Country

Story: A Collection of Entrepreneurship Case Studies from Around the Country is a website with case studies of entrepreneurship from various regions around Japan. The page presents founding stories, such as the reasons for establishing the company and difficulties they faced at the time of establishment, using an interview format. Entrepreneurship case studies can be searched by industry, region, age, and topic, enabling users who are considering starting their own businesses to find case studies that will be useful.



JFC website

Story: A Collection of Entrepreneurship Case Studies from Around the Country  
(<https://www.jfc.go.jp/n/finance/sougyou/case/>) (Available only in Japanese)

### ● 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】



## 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 417 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

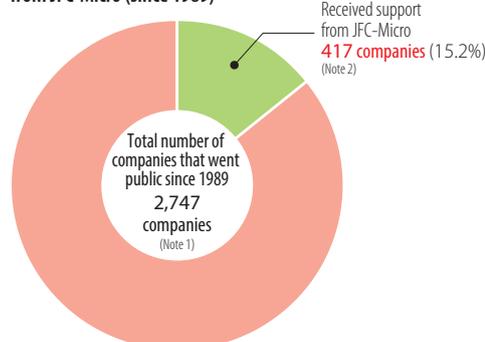
Notes: 1. The listing year is the year of the first listing, and the stock market is the main exchange on which the stock is currently traded.

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.

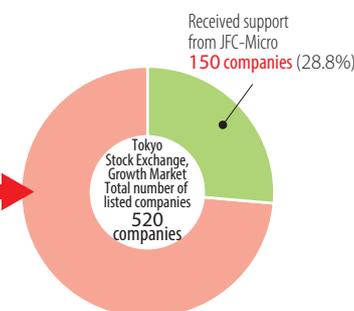
### Publicly-traded companies that received support from JFC-Micro (since 1989)



### 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	Share of their respective markets
Tokyo Stock Exchange, Prime Market	1,026	109	10.6
Tokyo Stock Exchange, Standard Market	1,061	127	12.0
Tokyo Stock Exchange, Growth Market	520	150	28.8
Others	140	31	22.1
Total	2,747	417	15.2



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, 2023 (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 10th 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 10th High School Student Business Plan Grand Prix, a total of 4,996 entries were received from 455 schools. Business Start-up Support Centers nationwide visited 425 schools and gave lectures about how to create a business plan.

At the final screening, held in January, 2023, 10 groups of finalists gave enthusiastic presentations. The Grand Prix went to Himawari Motojima at Tokyo Metropolitan Harumi Sogo High School for "Refrigerator Project JAPAN—Save Poverty in Developing Countries with Japanese Wisdom—" which drew the attention of various media. In addition, Prime Minister Kishida sent a video message in response to the presentations, as in the 9th Grand Prix.

#### The 11th High School Student Business Plan Grand Prix

Application period: August 22 to September 27, 2023 (\*If sent by mail, applications must be received by September 20)

Announcement of ten finalist groups: Late November 2023

Final competition and award ceremony: January 7, 2024

● 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/](https://www.instagram.com/grandprix_kouko/))  
(Available only in Japanese)



Himawari Motojima at Tokyo Metropolitan Harumi Sogo High School who received the 10th Grand Prix award



Video message by Prime Minister Kishida

## Support for Start-ups

To contribute to the growth and development of start-ups striving to achieve rapid growth that serve as a driving force to innovation and provide original value with innovative ideas, JFC-Micro provides financing that does not rely on guarantors including “Capital Subordinated Loan” as well as core business support such as business matching with large companies.

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

Company H 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.



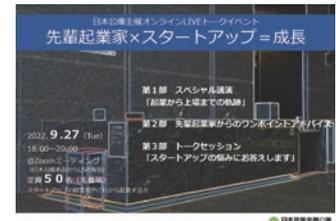
Company H's portable water reclamation treatment plant

### Start-up Growth Support

JFC-Micro holds various events intended to grow and to solve management issues of start-ups.

#### “Experienced Entrepreneurs × Start-up = Growth” Event Held

For start-ups that seek to grow, we held a talk event with four veteran entrepreneurs, including those who worked for companies that went public, to discuss the management issues that start-ups face in their founding stages such as raising capital and publicity methods. Participants made comments such as, “It was extremely motivating to hear about the real-world experiences of entrepreneurs active in actual business.”



#### “Venture Meet-Up from the Local Region JFC Version” Held

This pitch event has been held annually since 2018 jointly with the Kanto Bureau of Economy, Trade and Industry, Kanto Local Finance Bureau, and the Kanto Headquarters of the Organization for Small & Medium Enterprises and Regional Innovation. The objective is for start-ups located in rural areas of regions around the country to give presentations on their business activities and strengths to large companies and venture capital firms that have connections with the Kanto Bureau of Economy, Trade and Industry, leading to business meetings and more.



#### “Start-up Pitch 2023: Chugoku Area Entrepreneur Pitches 2023” Held

This pitch event was held in collaboration with the Innovation Hub Hiroshima Camps, Hiroshima Venture Capital, and other local start-up support organizations. Entrepreneurs who launched businesses in Hiroshima that later went public gave advice for the pitches of six entrepreneurs with the objectives of raising awareness of start-ups in the Chugoku region and contributing to regional revitalization.



# 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 information and funds so that valuable management resources, including the technologies and know-how that businesses have accumulated, can be smoothly transferred.

### ● 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. 3, a collection of examples of business succession to a third-party



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

## Initiatives in Collaboration with Relevant Organizations

Working in collaboration with Chambers of Commerce and Industry, Societies of Commerce and Industry, private financial institutions, business succession support centers, and other relevant 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.

In addition, JFC works in cooperation with relevant organizations to support business succession such as creating collaborative schemes with all prefectural federations of societies of commerce and industry other than Okinawa.



Cooperation agreement with Central Federation of Societies of Commerce and Industry signing ceremony in progress

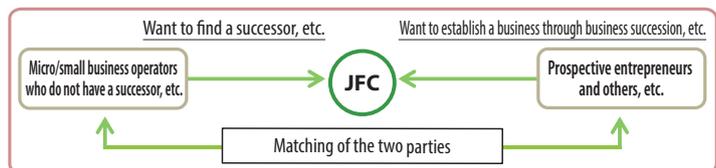
### ● Support finding successors

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

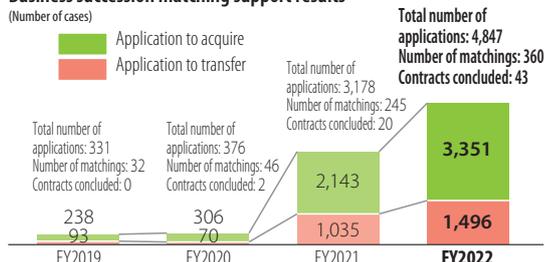
## Business Succession Matching Support

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 do not have a successor have been increasing. In FY2022, the program had 4,847 applicants (153% compared to the previous fiscal year), with 360 successful matches made (147% compared to the previous fiscal year), and 43 contracts concluded (215% compared to the previous fiscal year).



### Business succession matching support results



Also available on the JFC website



## Example of Successful Business Succession Matching Support

The transferor is Ono Manufacturing Co., Ltd. (headed at the time by Mr. Ono), a cutting and processing company that was founded in 1984. The company, which lacked a successor, registered with the JFC's business succession matching support program so that it could transfer its business to a company that could be expected to maintain the employment of its workers.

The transferee, Kamakin Co., Ltd. (headed by Mr. Aoyama), meanwhile, is an aluminum casting company that was established in 1969. They lacked cutting functions, which are post-process functions of casting, preventing it from adequately meeting customer needs.

JFC-Micro carefully listened to Mr. Ono's wishes regarding the transfer of his business, and since transferee could expect to create synergy effects by using Ono Manufacturing's cutting technology, JFC-Micro referred Kamakin to Mr. Ono. Following multiple discussions and factory tours, the two companies signed a share transfer agreement in December 2022 with support from the JFC-Micro and a business succession support center.



President Ono (left) of the transferor company and President Aoyama (right) of the transferee company

## Initiatives to Find Successor Using Actual Names

Persons who wish to transfer their business make comments such as, "Since I have no employees other than relatives, I can openly use the company's actual name to search for a successor," while prospective transferees have made comments such as, "It is difficult to adequately convey the appeals of a business using only anonymous information."

In August 2022, JFC-Micro launched a "Business Successor Recruiting Initiative," which discloses on the JFC website the actual names of companies that wish to transfer their business, and has been supporting business matching. In addition, matching events were held in FY2022 in Shizuoka, Gifu, and Nagano Prefectures where companies that want to transfer their business gave presentations using their actual names.



Leaflet for matching event held in Nagano Prefecture

### ● 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.

## The Event on Support for Business Succession Start-up

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.

In FY2022, we held the Business Succession Start-up School (Tsugu-sta School), an online course, to support the acquisition of knowledge necessary for achieving a business succession start-up and effective management after succession, to promote business succession start-ups.



### Business Succession Start-up School (Tsugu-sta School)

The curriculum was conducted over a total of six days in August and September 2022. 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.

### ● 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

Gohara Co., Ltd. is a construction company that specializes in traditional architecture such as temples and shrines.

Mr. Gohara, the head of the company, learned from a business partner that Hattori Construction Co., Ltd., a wood processing company, was considering shutting down operations because of the lack of a successor. He thought that it would be possible to increase productivity by taking over the wood pre-cutting business and performing in-house wood processing and storage, which had been an issue, so he approached Hattori Construction about acquiring the business. The succession process was conducted with support from a Chamber of Commerce and Industry and a business succession support center, and financing for purchase of the factory and machinery was secured from JFC-Micro to carry out a third-party succession.

Following the succession, Gohara has been working to acquire technology and develop and order acquisition system so it can respond to orders from the business partners that it acquired.



President Gohara (left) of the transferee company and President Hattori (right) of the transferor company

# 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 private financial institutions, outside experts, and public enterprise turnaround institutions.

### “Signal” Business Status Self-diagnosis Tool

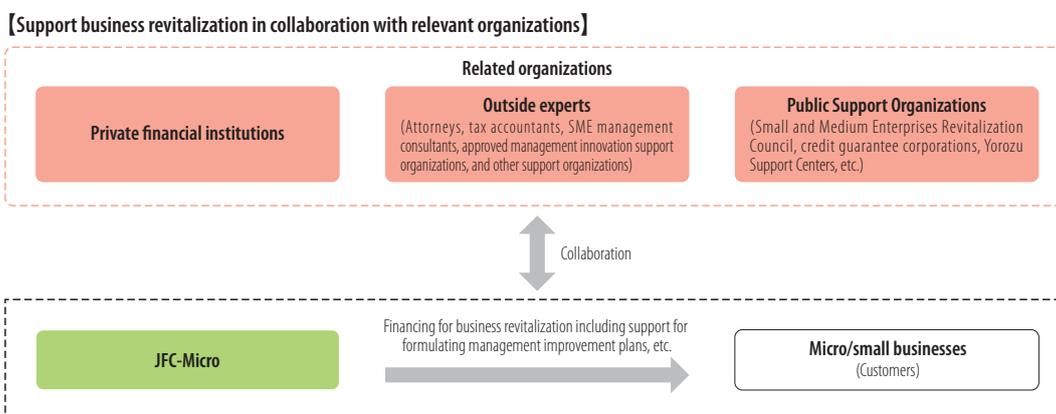
During the protracted COVID-19 pandemic, it is important to keep abreast of business issues even when things are going smoothly, and to detect the signs of business changes at an early stage in order to increase the possibility of business continuity. JFC created the “Signal” check notebook, which enables 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, outside experts, and public support organizations in order to encourage business revitalization in regional areas. We support the formulation of management improvement plans by customers 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.



### ● 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.

	Capital Subordinated Loans COVID-19 Hybrid Subordinated Loan Program	Conventional Financing Program
Features	<ul style="list-style-type: none"> <li>Monthly outflows of cash (principal repayment) are controlled</li> <li>Interest burdens are reduced when performance is poor</li> </ul>	<ul style="list-style-type: none"> <li>Monthly outflows of cash (principal repayment) occur</li> <li>Interest is fixed</li> </ul>
Repayment method	Certain term lump-sum repayment	Monthly installment payments (in principle)
Applicable interest rate	Fixed interest rates according to annual performance	Fixed interest rate
Impact on finances	Increase of equity ratio <sup>(Note 1)</sup>	Decrease of equity ratio
Subordination clause <sup>(Note 2)</sup>	Yes	No

Notes: 1. During an asset assessment by a financial institution, Capital Subordinated Loans and COVID-19 Hybrid Subordinated Loan Program can be considered equity capital for a certain period, but are recorded as liabilities in the financial statements.

2. There is a clause that subordinates the loan to all other liabilities in the redemption of liabilities in the event of legal bankruptcy.

# Initiatives to Support Social Business

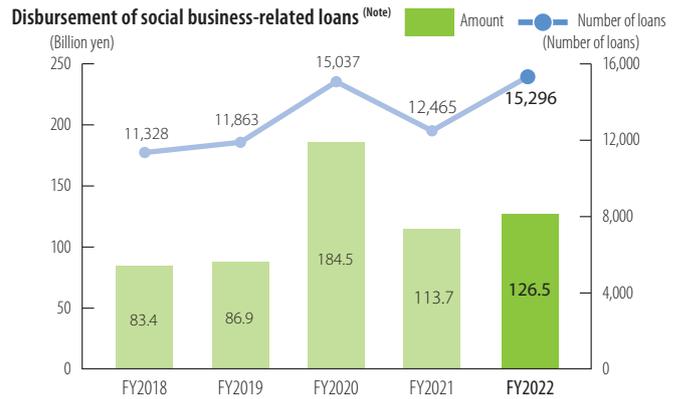
## JFC-Micro Supports Social Business

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 FY2022 loans to social business came to 15,296 loans, 126.5 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”

The Social Business Station, an information platform that targets companies considering participation on social business, publishes various content that supports the formation 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>)

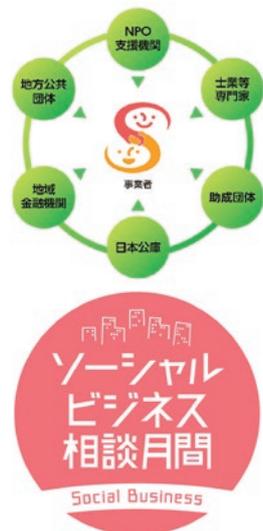
## Social Business Support Network

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 2023 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 loans 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 for Micro/Small Businesses Seeking to Expand Overseas

Overseas Development Support Desks are established at 152 branches nationwide to actively support businesses that are working to expand overseas. JFC-Micro cooperates 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 organizations that support overseas expansion. We establish 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 matching events, 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 case studies and feature articles about overseas expansion by micro/small businesses as well as workbooks 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.

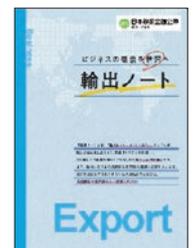


Collection of Case Studies on Micro/Small Businesses Overseas Expansion



#### ■ 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, case studies on overseas expansion, and various investigative reports.



The JFC website

#### ■ Trial Exports

JFC-Micro provides opportunities to micro/small businesses that want to export their products to export on a trial basis with support from trading companies that have export expertise. We support first-time exporters with acquisition of know-how on export procedures and insights on development of overseas markets.

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

Company I, founded in the Meiji Era, is a manufacturer and seller of fish paste products. The company sells products that have long been locally popular, and in 2019, it started to expand overseas with the aim of increasing sales further.

In the initial phase of overseas expansion, the company actively participated in exhibitions in various countries with support from JETRO and other organizations. It expanded export destinations in stages, and currently exports products to the U.S., China, Singapore, and other countries. As it expanded export countries, the company faced issues, such as different regulations on additives in each country and short product shelf life, but it was able to overcome these problems one by one by developing new products and innovative freezing technology. The company has also used the experience gained from overseas expansion in the development of products for the domestic market, leading the provision of safer and healthier products.

JFC-Micro provided a loan for operating funds needed to purchase materials and so on when expanding overseas.



Company I products that are popular overseas

# Collaboration with Regional Financial Institutions and Relevant Organizations

## JFC-Micro Actively Collaborates with Regional Financial Institutions

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

### ● Cooperative loan scheme construction <sup>(Note)</sup> 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 2023.

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 <sup>(Note)</sup>

In FY2022, total cooperative loans with regional financial institutions amounted to 21,519 loans, 235.4 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 (FY2022)

Total number of cooperative loans	City banks	Regional banks	Regional banks II	Credit associations	Credit cooperatives	Others	Total		Reference FY2021 results
								Compared to the previous fiscal year	
Number of loans <sup>(Note)</sup>	1,850	9,341	3,262	13,744	1,826	549	29,894	118%	25,259
(Micro Business and Individual Unit)	274	5,249	2,272	11,951	1,651	122	21,519	128%	16,752
Amount <sup>(Note)</sup>	273.0 billion yen	597.3 billion yen	147.0 billion yen	300.7 billion yen	31.5 billion yen	48.9 billion yen	1,264.5 billion yen	101%	1,252.7 billion yen
(Micro Business and Individual Unit)	6.1 billion yen	62.2 billion yen	25.7 billion yen	125.2 billion yen	14.6 billion yen	1.4 billion yen	235.4 billion yen	111%	212.3 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, etc.

We continue to work with regional financial institutions to provide assistance to businesses affected by the COVID-19 pandemic, price hikes, and other factors. In particular, we are expanding collaboration by creating collaborative loan products that combine the COVID-19 Hybrid Subordinated Loan Program, which we started to handle in August 2020 with loans from regional financial institutions.

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 affected by the COVID-19 pandemic, price hikes, and other factors.

## Measures to Contribute to Regional Revitalization

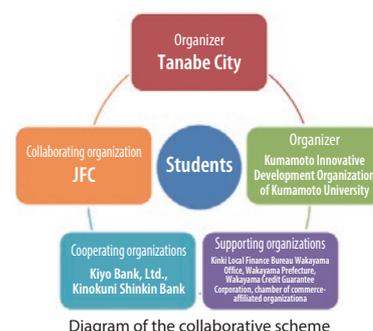
JFC's 152 branches located nationwide are strengthening their collaboration with local governments and actively participating in "regional comprehensive strategies" implemented by local governments. By leveraging our experience and know-how relating to business start-up support and business succession 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.

### Operation of the Tanabe Future Creation School in Collaboration with Tanabe City in Wakayama Prefecture (Tanabe Branch)

The Tanabe Branch participated in the Tanabe Future Creation School, which was organized by Tanabe City and the Kumamoto Innovative Development Organization of Kumamoto University to contribute to the development of human resources who can solve local problems and use local resources. The Tanabe Future Creation School was established in 2016 to create new business models and nurture business leaders.

In 2017, the Tanabe Branch and Tanabe City concluded an Agreement on Collaboration and Cooperation Concerning Development of Business Managers with the objective of reinforcing cooperation relating to operation of the School. JFC-Micro provides referrals of candidate students and offers advice on student selection and preparation of business plans and is implementing integrated measures, through collaboration among industry, academia, government, and finance, connected with individual loan discussions tailored to the progress of the curriculum.

82 students have completed the program by 2022, leading to the creation of many new businesses.



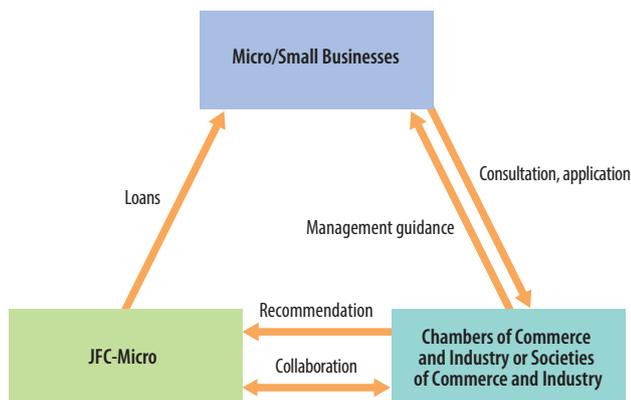
## JFC-Micro Collaborates with Chambers of Commerce and Industry and Societies of Commerce and Industry

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 (MARUKEI Loan) and consultation sessions.

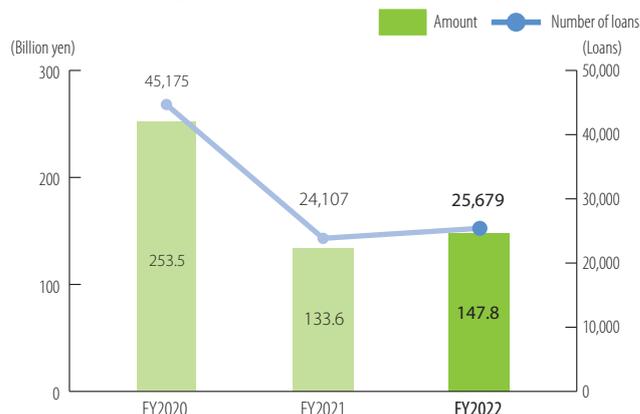
### ● Overview of Managerial Improvement Loan (MARUKEI Loan)

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. JFC marked 50 years since the establishment of this program in October 1973, and to date, 5.23 million loans have been provided.

Structure of Managerial Improvement Loan (MARUKEI Loan)



Total number of Managerial Improvement Loans (MARUKEI Loans) provided



### ● 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 enhance customer convenience.

### 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 2023)

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 <sup>(Note)</sup>, 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.

# Working towards Improved Customer Service

## 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 require customers to come to a branch or to submit documents by mail and allowing these procedures to be performed online.

Specifically, we are encouraging use of our Internet Application service, which can be used to complete a loan application online, operating a dedicated Internet site for services provided through the Internet (JFC Direct) to customers (members), and 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 using the Internet Application service, which enables users to complete application procedures online, at any time, 24 hours a day, 365 days a year. The application process can be completed quickly without the need to visit a JFC branch or mail documents.



### ■ JFC Direct

JFC Direct is an online access point for customers (members) only that connects customers with JFC. On JFC Direct, customers can use various services, such as acquiring key information from JFC, requesting issuance of certificates, and checking transaction information.

#### Main JFC Direct Services

- Provision of information useful for management, distribution of email
- Provision of the latest information on seminars and acceptance of applications to attend
- Online submission and receipt of documents
- Online confirmation of transaction information, acquisition of certificates <sup>(Note)</sup>



Use this code to register as a member on the site.



Use this code to access registration information

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



### ■ Online Consultation and Interview Service

We provide online consultation and screening services using video call. We also offer online consultations in collaboration with related organizations.

In addition to services provided by branches, the three Business Support Plazas nationwide provide online business consultations for those who are considering starting a business and others.

### ● 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 JFC's networks with relevant organizations to provide support in collaboration with 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, Myanmar, and Cambodia.

#### 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. Cambodia

In June 2023, JFC-Micro commenced a technical assistance project for SME Bank of Cambodia, which is a state-owned bank in Cambodia.

At the first seminar held in Cambodia, we implemented some lectures on SME Finance in Japan, roles of JFC-Micro, features of JFC-Micro's credit analysis. The seminar was quite active, as the participants asked many questions about policy-based finance and credit analysis methods for SMEs, and they also actively worked on exercise.

We plan to continue to support Cambodia's SME finance sector through holding seminars and discussions in Cambodia and Japan.



Lecture given at local seminars in Laos (Vientiane)



A scene from the seminar in Phnom Penh, Cambodia

### 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

