

C O N T E N T S

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A note on figures used in this Report:

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

Numbers of items and amounts are rounded down to the nearest whole unit. In principle, comparative data (percentages) are rounded to the nearest first decimal place, and so the total may not equal the sum of the items.

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

- 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: Shosaku Yasui
- Capital, etc.: Capital: 3,455.0 billion yen
Reserve fund: 2,178.4 billion yen
- Branch Offices: Japan: 152
Overseas representative offices: 2
- Employees: 7,361 (budgetary fixed number for FY2013)
- Outstanding Loans: 21,750.5 billion yen
 - Micro Business and Individual Unit 7,248.2 billion yen
 - Agriculture, Forestry, Fisheries and Food Business Unit 2,626.8 billion yen
 - Small and Medium Enterprise (SME) Unit 6,459.2 billion yen (finance operations)
 - Operations to Facilitate Crisis Responses 5,362.0 billion yen
 - Operations to Facilitate Specific Businesses Promotion, etc. 54.1 billion yen

(as of Mar. 31, 2013)

Basic Philosophy

➔ Focused Policy-based Financing

Under the national policy, JFC will 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.

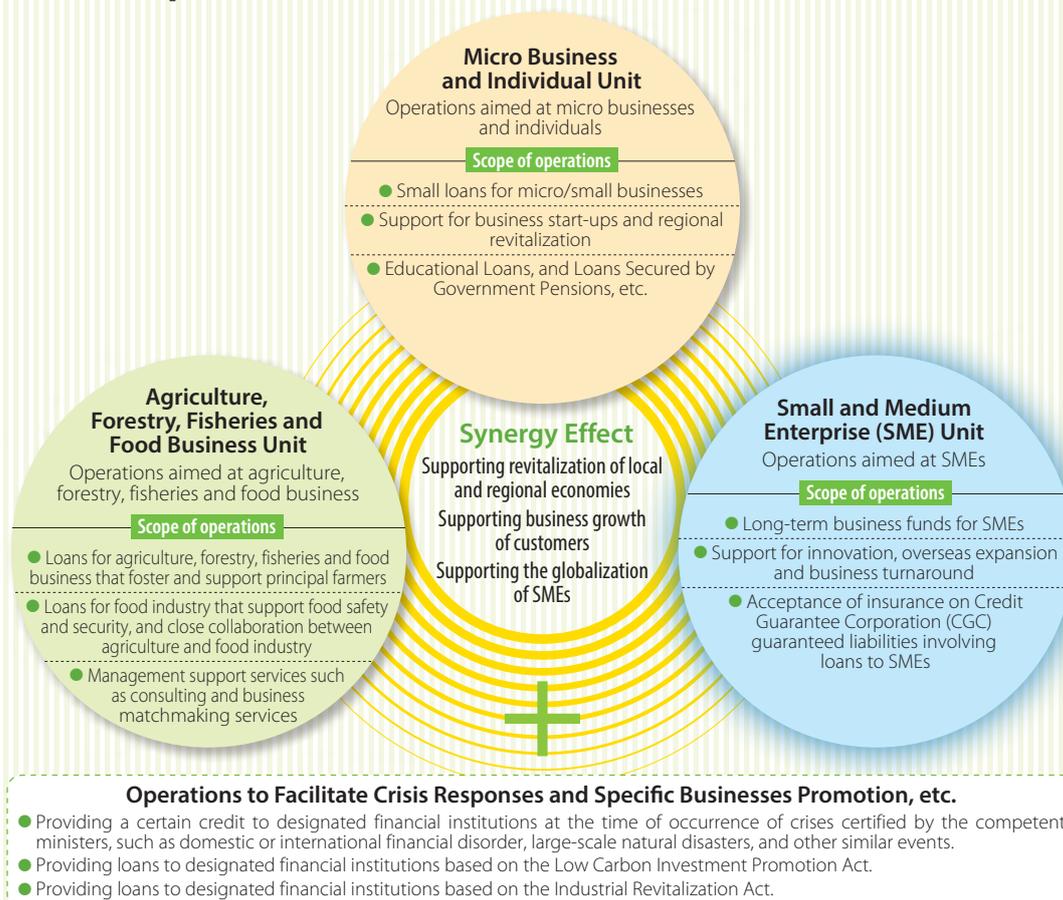
➔ Mainstreaming Governance

JFC will 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



Message from the General Manager of the SME Unit

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Acting under the strong economic policies of the government enacted to deal with the economic crisis following the Lehman Brothers collapse as well as the Great East Japan Earthquake and other natural disasters, the Small and Medium Enterprise (SME) Unit of the Japan Finance Corporation (JFC) serves as a safety net to give full support to the fund-raising needs of SMEs through its Loan Programs and Credit Insurance Programs. In FY2012, we provided approximately 11 trillion yen of financial support.

In the area of our Loan Programs, we have actively engaged in support for full-scale reconstruction in disaster-affected areas with the Great East Japan Earthquake Recovery Special Loan and the Safety Net Loan Programs and have taken all possible measures to support fund-raising and become actively involved in business reconstruction for SMEs in this difficult business environment.

In supporting overseas expansion by SMEs, we newly established the International Operations Department in FY2012 and have provided Loans for Overseas Investment, offered local managerial assistance through our overseas Representative Offices. Moreover, we have launched the Standby Letter of Credit program (issuance of letters of credit) and have concluded a business cooperation agreement with major local financial institutions in Asia to meet the needs of SMEs to raise funds from local financial institutions.

Furthermore, in order to enhance our support for SMEs challenging new fields, we have set up a specialist division to actively support innovation (the New Business Office).

In addition, we have actively utilized various special lending programs along with subordinated capital loans to support SMEs in new business development and business revitalization.

As a result of these efforts, we provided loans to SMEs totaling 2.0 trillion yen in FY2012.

As for our Credit Insurance Programs, we have established close ties with Credit Guarantee Corporations (CGCs) nationwide and implemented the Great East Japan Earthquake Recovery Emergency Guarantee Program along with insurance underwriting such as the Business Stabilization Special Guarantee Program and the Refinancing Guarantee Program, to ensure that the fund-raising of SMEs is not impeded by difficult management conditions. The amount of credit guarantee insurance accepted for FY2012 reached 9.3 trillion yen, while



the total outstanding amount of insurance is approximately 32 trillion yen.

Going forward, in addition to dealing with the needs arising from the Great East Japan Earthquake, we will continue to provide our utmost support for the efforts of SMEs, which underpin regional economies, in their new business development, overseas expansion, business revitalization, environmental measures, and other areas.

In addition, in order to improve customer service, we will cooperate with the Micro Business and Individual Unit and the Agriculture, Forestry, Fisheries and Food Business Unit to work to improve services such as the implementation of comprehensive financing and the provision of useful information for businesses.

Accounting for 99.7% of all companies in Japan and around 70% of the total workforce, Japan's approximately 4.2 million SMEs represent the bedrock and source of vitality of domestic economic progress. On this basis, the health and well-being of SMEs is essential, not only for regional employment and the creation of added value, but also for the revitalization of the Japanese economy as a whole. Looking ahead, we will endeavor to fulfill our function as a policy-based financial institution and to be appreciated by as many people as possible. We remain dedicated to serving as a finance corporation that can be relied upon.

Atsushi Toyonaga

General Manager, Small and Medium Enterprise (SME) Unit
Japan Finance Corporation

The SME Unit of JFC has taken over the operations of the former Japan Finance Corporation for Small and Medium Enterprise (JASME), a government-affiliated financial institution originally established in August 1953.

Through its various functions such as its Loan Programs and Credit Insurance Programs, the SME Unit financially supports the growth and development of SMEs, which are the source of vitality behind Japan's economic vitality at both the national and regional levels.

Scope of Business

Loan Programs

These programs are designed to supply stable, long-term, fixed interest rate business funds which are essential for promoting the businesses of SMEs but which private financial institutions find it difficult to supply.

- Loans to SMEs
- Purchases of corporate bonds (with subscription warrants) issued by SMEs
- Loans to Small and Medium Business Investment & Consultation Co., Ltd. and facility-leasing institutions
- Securitization of SME loan claims and corporate bonds (CDO Program)

Securitization Support Programs

With the aim of facilitating the smooth supply of unsecured funds to SMEs, these programs support private financial institutions in their endeavors based on securitization methods.

Credit Insurance Programs

To facilitate the smooth flow of funds to SMEs, these programs focus on the acceptance of insurance on Credit Guarantee Corporation (CGC) guaranteed liabilities associated with loans to SMEs.

- Provision of insurance on CGC guaranteed liabilities associated with loans to SMEs
- Loans to CGCs
- Special Insurance Programs for Midsize Enterprises
- Transitional Operation of the Machinery Credit Insurance Programs^(Note)

Note: Excluding Machinery Credit Insurance that had been accepted up to the end of March 2003, the SME Unit currently pays insurance money and receives recoveries based on the insurance contracts already in force (Transitional Operation of the Machinery Credit Insurance Programs).

Performance for FY2012

▶ Loan Programs

Loans	2,097.3 billion yen
Direct loans	2,095.7 billion yen
Agency loans	0.5 billion yen
Loans to facility-leasing institutions, loans to Small and Medium Business Investment & Consultation Co., Ltd.....	1.0 billion yen
Outstanding loans	6,459.2 billion yen
Direct loans	6,429.1 billion yen
Agency loans.....	23.9 billion yen
Loans to facility-leasing institutions, loans to Small and Medium Business Investment & Consultation Co., Ltd.....	6.2 billion yen

▶ Securitization Support Programs

Total loan principal amount	
* No record of purchase-type, guarantee-type or accounts receivable-type securitization	
Outstanding amounts of trust beneficiary rights and guaranteed liabilities	
Purchase-type (outstanding amount of trust beneficiary rights).....	0.3 billion yen
Guarantee-type (outstanding amount of guaranteed liabilities)	0.1 billion yen

Performance for FY2012

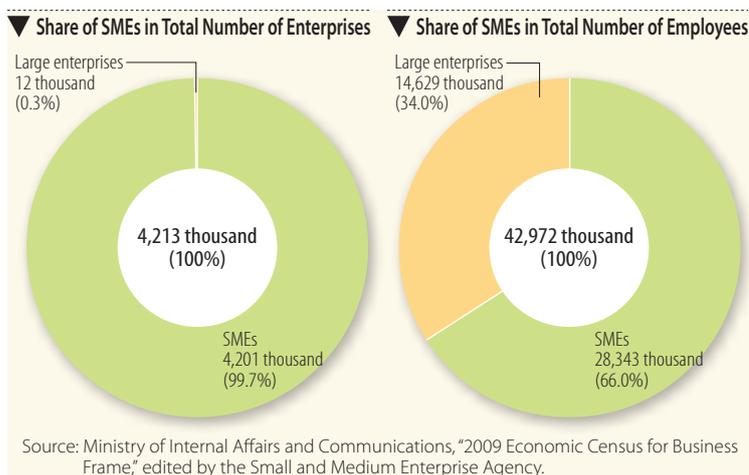
▶ Credit Insurance Programs

Acceptance of insurance and loans	
Small Business Credit Insurance.....	9,366.2 billion yen
* No record of loans to CGCs and Special Insurance for Midsize Enterprises	
Outstanding amounts of insurance and loans	
Small Business Credit Insurance.....	32,471.0 billion yen
Special Insurance for Midsize Enterprises	0.0 billion yen
Machinery Credit Insurance ^(Note)	6.2 billion yen
* No record of loans to CGCs	

▶ The Position of SMEs in Japan

SMEs account for 99% of all businesses and approximately 70% of the total workforce in Japan. These figures attest to the fact that SMEs are the very source of Japanese economic vitality and the primary force underpinning regional economies.

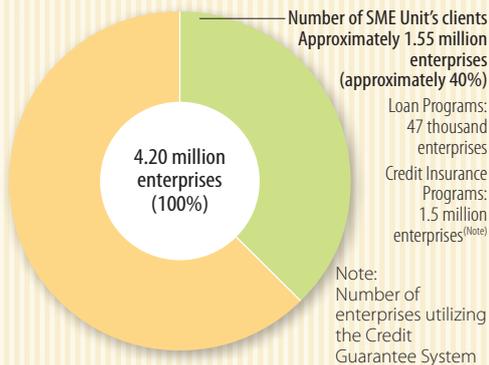
SMEs are also expected to serve as the driving force of the nation's economic revitalization through the creation of new industries, products and services.



SME Unit's Clients

SMEs account for 99% of all businesses in Japan, and are both the source of Japanese economic vitality as well as the primary force underpinning regional economies. The size and conditions of each SME differ, such as companies that sustain the regional economy with many employees, long-established companies with a history over one hundred years and family-owned private shops.

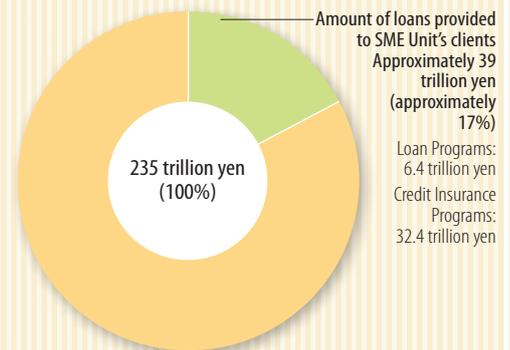
▼ Share of SME Unit's Clients in Total Number of Enterprises



Sources: Ministry of Internal Affairs and Communications, "2009 Economic Census for Business Frame," edited by the Small and Medium Enterprise Agency, and others.

The SME Unit provides a wide range of support to meet the individual needs of each SME through its financial tools, Loan Programs, Credit Insurance Programs and Securitization Support Programs.

▼ Share of SME Unit's Clients in Total Amount of Outstanding Loans to SMEs



Source: Bank of Japan, "Financial and Economic Statistics Monthly," and others.

The SME Unit facilitates funds to 1.55 million SMEs (approximately 40%) and accounts for 17% of outstanding loans to SMEs.

➔ Characteristics of SME Unit's Clients

Loan Programs

- Number of clients 47 thousand enterprises
- Average loan for FY2012
- Average loan amount per client 106 million yen
- Average term of loan 7 years and 00 months
- Average amount of capital per client 48 million yen
- Average number of employees per client 76
- Approximately 80% of outstanding loans are loans to enterprises with more than 20 employees, and approximately 90% have capital of 10 million yen or more.
- Covers a wide range of industries particularly manufacturing (approximately 50% of outstanding loans as of end of FY2012)

Credit Insurance Programs

- Number of clients 1.5 million enterprises^(Note)
- Average insurance for FY2012
- Average amount of insurance accepted per client 17 million yen
- Average term of insurance 4 years and 10 months
- Average number of employees per client 8
- Approximately 70% of the outstanding amount of insurance accepted is insurance to enterprises with fewer than 20 employees, and approximately 65% have capital of 10 million yen or less.
- Covers a wide range of industries

Note: Number of enterprises utilizing the Credit Guarantee System

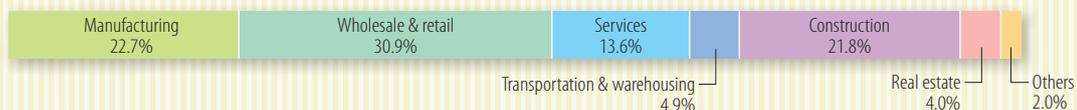
Note: Results are current as of March 31, 2013.

The SME Unit also helps to maintain employment, with the number of employees at the 47 thousand companies receiving support (direct loans) rising to approximately 2.66 million persons (as of March 31, 2013).

▼ Outstanding Loans by Type of Industry (Loan Programs) (FY2012 year-end)



▼ Outstanding Amount of Insurance Accepted by Type of Industry (Credit Insurance Programs) (FY2012 year-end)



The Roles and Scope of the SME Unit as Policy-based Financing

Policy-based financing in Japan involves providing financial support based on the nation's key policies. These fields include new business development, management innovation, business revitalization and overseas development; these areas involve high risk which private financial institutions may have difficulty in supporting. The SME Unit quantitatively supplements the loans provided

by private financial institutions whose willingness to lend may be affected by economic stagnation.

Based on a policy of supplementing private financial institutions as a policy-based financial institution specialized in SMEs, the SME Unit supports the growth and development of SMEs through its financial tools as well as serving as a safety net.



Demonstrating a Complementary Function for Private-sector Business Activities

Supplementing Private Financial Institutions Both in Quality and Quantity with a Stable Supply of Long-term Funds

Dedicated to Long-term Funding

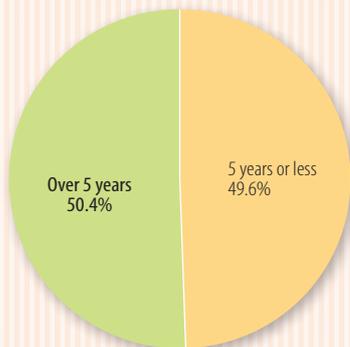
If SMEs are to grow and prosper, they must continually invest capital appropriately and consolidate their financial strength. To do this, they need to be able to raise long-term funds in a stable manner.

However, SMEs are at a disadvantage to larger enterprises in gaining access to funds from capital markets. In addition, private financial institutions tend to prefer short-term loans of one year or less, thus making it difficult for SMEs to raise sufficient long-term funds.

The SME Unit specializes in long-term funds that private financial institutions have difficulty in providing. Over 50% of the SME Unit's loans have lending periods of longer than five years, with fixed-interest rates that make it easier to map out repayment schedules.

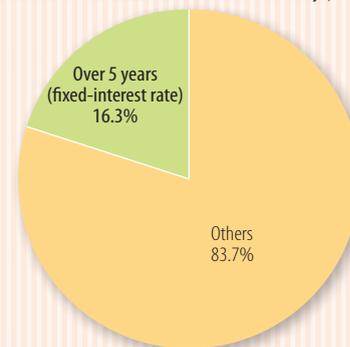
By covering those areas that private financial institutions find it hard to cover, the SME Unit meets the long-term funding needs of SMEs, which are a vital component of the Japanese economy.

▼ Breakdown of Loans of the SME Unit by Lending Period (share in Terms of Value) (FY2012)



Note: Data are for fixed-interest rate loans only

▼ (Reference) Breakdown of Long-term Loans of Private Financial Institutions by Lending Period (share in Terms of Number of Borrowers) (FY2012)



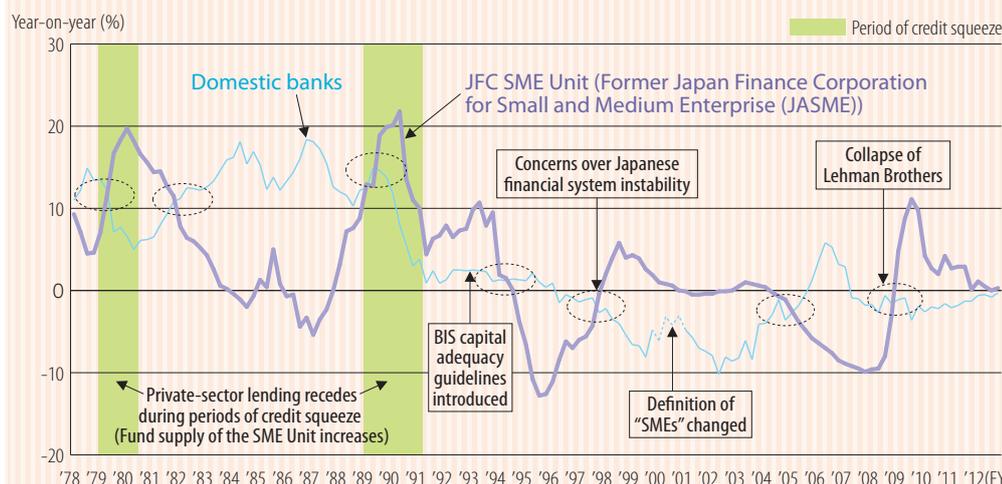
Source: JFC, "Quarterly Survey on SME Trends" (FY2012)

Stable Supply of Business Funds

The SME Unit's lending volume tends to rise sharply during a credit squeeze or when financial institutions are positioned for risk aversion (examples include the post-"Bubble" financial adjustment phase and periods of strategically tight lending) and declines when credit becomes easier to obtain.

Over the years, the SME Unit has provided SMEs with stable, long-term business funds by supplementing private financial institutions whose lending attitudes and activities are subject to impact by changes in prevailing business conditions.

▼ Growth Rate Changes in Outstanding Loans to SMEs (Year-on-year changes)



Promoting Policy-based Special-purpose Loans in Response to Demands of the Times

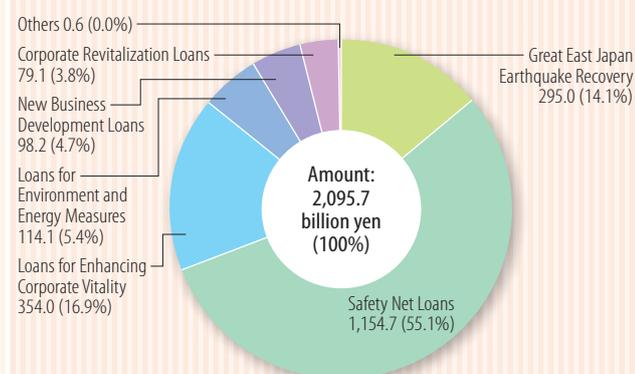
Promoting Policy-based Special-purpose Loans

The SME Unit offers a variety of Special-purpose Loans designed to facilitate the government policy guidance by channeling funds into targeted sectors, funding for which remains insufficient when relying on private financial institutions alone. These sectors include venture businesses, business revitalization, overseas expansion, safety nets, regional economic revitalization, environmental measures, countermeasures against natural disasters, and stimulation

of capital investment to promote employment, among others.

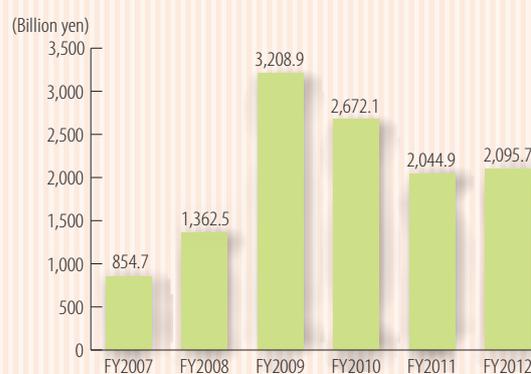
During FY2012, amid full-scale reconstruction after the Great East Japan Earthquake and the global financial crisis, the SME unit took concerted steps to fully exercise its safety-net function. In this manner, the SME Unit made every effort to support SMEs, which continued to experience increasingly difficult cash flow conditions brought on by a deteriorating operating environment.

▼ Breakdown of Loans (FY2012) (Billion yen)



Note: Including corporate bonds, but excluding agency loans, facility leasing and investment development loans.

▼ Special-purpose Loans Performance Trends



Note: Including corporate bonds, but excluding agency loans, facility leasing and investment development loans.

➔ Socioeconomic Developments and the SME Unit's Roles

Socioeconomic Developments	Roles Played by the SME Unit of JFC Performance of Special-purpose Loans ^(Note)
1964 Tokyo Olympic Games held.	1960— Loans to Export-driven Manufacturers ¥7.7 billion (FY1964)
1970 World EXPO'70 held in Osaka.	1970— Loans to Promote Modernization..... ¥35.5 billion (FY1970)
1985 Plaza Accord reached, triggering sharp appreciation of the yen. 1989 Consumption tax introduced.	1980— Special Loans for the Promotion of Application of Businesses to Changes in the World Economy..... ¥186.2 billion (FY1986) Loans to Facilitate Introduction of Consumption Tax ... ¥332.5 billion (FY1989)
1995 The Great Hanshin-Awaji Earthquake strikes. 1997 Hokkaido Takushoku Bank and Yamaichi Securities collapse.	1990— Loans for Disaster Recovery..... ¥107.1 billion (FY1995) Loans to Deal with Changes in the Financial Environment... ¥336.9 billion (FY1998)
2005 Full introduction of "payoff" system. 2006 "Zero interest rate policy" removed. 2007 Occurrence of U.S. subprime mortgage crisis. 2008 Lehman Brothers files for bankruptcy.	2000— Loans to Promote IT Use ¥159.3 billion (FY2004) Loans for Regional Revitalization and Employment Promotion ¥215.1 billion (FY2005) Loans to Promote New Business Activities ¥125.2 billion (FY2007) Safety Net Loans ¥925.8 billion (FY2008) ¥2,818.6 billion (FY2009)
2011 Catastrophe caused by the Great East Japan Earthquake.	2010— Safety Net Loans ¥2,203.8 billion (FY2010) Great East Japan Earthquake Recovery Loans ¥1,215.5 billion (FY2011)

Note: The names of the loans listed above are as of their scheme termination dates, or, for active schemes, as of March 31, 2013.

Flexibly Responding to Relaxation of Repayment Terms, Promoting Efforts with Private Financial Institutions for Financing Facilitating

As a policy-based financial institution, the SME Unit has responded flexibly to meet the needs of customers that are experiencing financing difficulties by relaxing the repayment terms for existing loans. Furthermore, we will thoroughly prepare our internal system and

make ourselves known to customers while strengthening our cooperation with private financial institutions and thereby work to further promote finance facilitation.

Demonstrating a Credit Supplementation Function

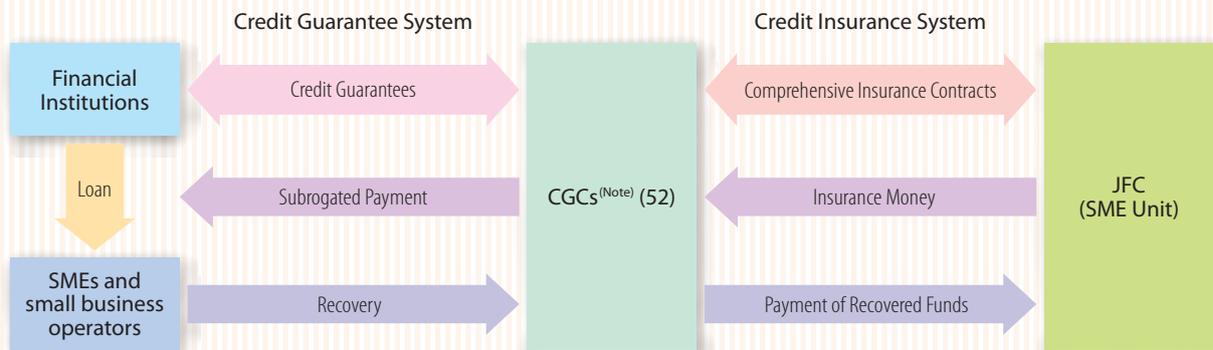
Facilitating the Smooth Flow of Funds to SMEs and Small Business Operators by Working Together with the Credit Guarantee System

Role of Credit Insurance System

The SME Unit insures guaranteed liabilities (i.e., credit guarantees) provided by CGCs to SMEs and small business operators that fall short in terms of collateral or creditworthiness when raising funds from financial institutions or issuing corporate bonds. Instituted under the Small and Medium-sized Enterprise Credit Insurance Act (Act No. 264 of 1950), the purpose of the Credit Insurance System is to promote the development of SMEs and small business operators

by insuring guarantees for SME loans and similar liabilities. It is designed so that the Credit Insurance System and the Credit Guarantee System together facilitate the smooth supply of business funds for SMEs and small business operators. This mechanism is known as the Credit Supplementation System and plays a vital role in the Japanese government's SME finance policy.

▼ Credit Supplementation System



Note: Credit Guarantee Corporations (CGCs)

Special public corporations established under the CGC Law. Numbering 52 across Japan, these corporations guarantee loans from financial institutions to SMEs, make subrogated payments against defaults by SMEs, and subsequently recover funds from the SMEs in question. They are supervised by central and local governments, and receive contributions/loans from local governments and financial assistance from financial institutions in the form of contributions.

Approximately 36% of SMEs Utilize the Credit Supplementation System

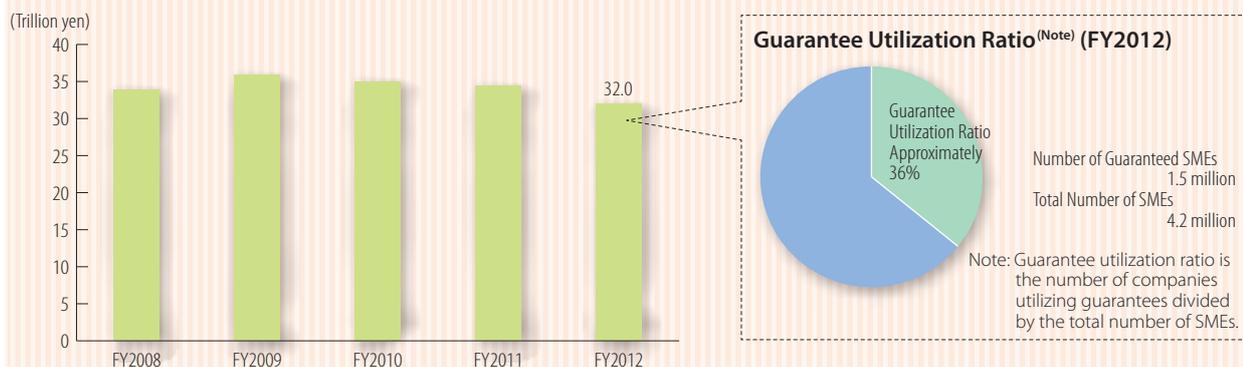
As of the end of March 2013, the portion of outstanding loans to SMEs guaranteed by CGCs (i.e., outstanding guaranteed liabilities) amounted to some 32 trillion yen, accounting for approximately 13% of all loans to SMEs.

Moreover, some 1.5 million SMEs, or approximately 36% of all SMEs in Japan, were raising funds with the support of the Credit

Guarantee System.

By providing insurance on such guarantees, the Credit Insurance System is contributing to the management stability of SMEs and small business operators, and to their growth and prosperity by facilitating the smooth flow of funds.

▼ Changes in Outstanding Guaranteed Liabilities and Guarantee Utilization Ratio of 52 CGCs throughout Japan



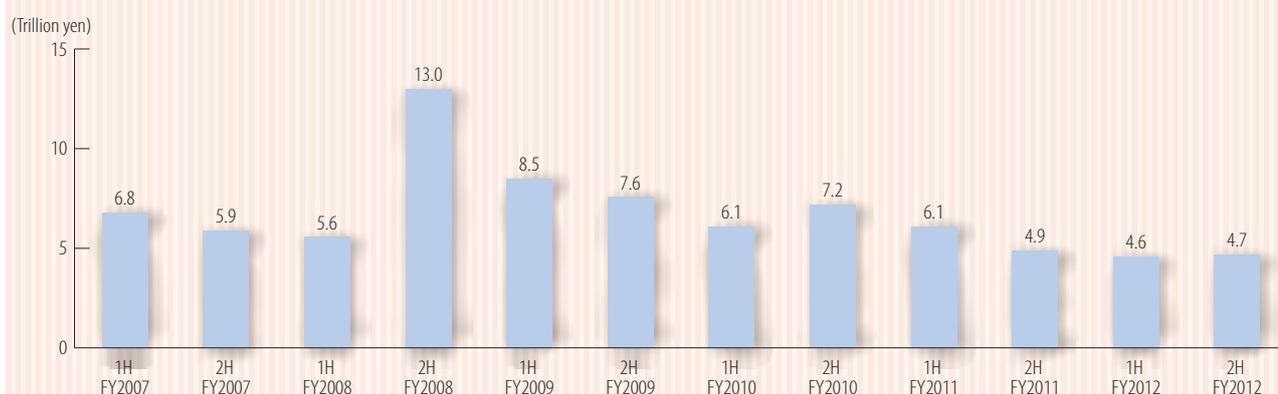
A Powerful Tool for Promoting the Government's Economic Policy

Functioning as a Safety Net that Copes with Rapid Changes in the Environment

Credit Guarantee Corporations throughout Japan have implemented safety net guarantees in light of recent economic and financial conditions. They have also implemented the Great East Japan Earthquake Recovery Emergency Guarantee Program based on the Special Financial Support Act for the Great East Japan

Earthquake. By underwriting the insurance for these guarantees, the SME Unit helped in raising funds for SMEs and small business operators that were facing difficulties in financing due to the negative impacts of the Great East Japan Earthquake, global financial market instability, and economic contraction.

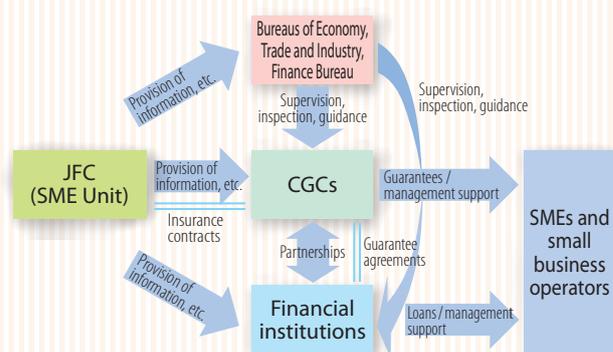
▼ Changes in the Amount of Insurance Accepted



Strengthening of Partnerships with CGCs, Aimed at the Establishment of a Sustainable Operational Basis for the Credit Supplementation System

The SME Unit promotes the sound operation of the system while building close relationships with other institutions such as CGCs and Bureaus of Economy, Trade and Industry, through measures such as the provision of information and the exchange of opinions.

Given the heightened risks of insurance underwriting such as the effects of the termination of the Finance Facilitation Act, the SME Unit will continue to promote partnerships in support of efforts aimed at the operation of sustainable systems.

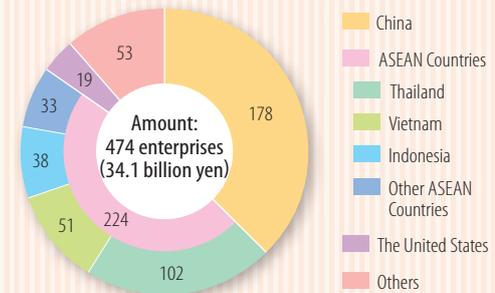


Proactively Supporting SMEs Dealing with Internationalization in Both Funding and Information

Loans for Overseas Investment

Client companies of the SME Unit have about 5,600 local subsidiaries actively engaged overseas. The SME Unit actively provides Loans for Overseas Investment that support the overseas expansion of SMEs, and many SMEs have taken advantage of the loans. During FY2012, many SMEs used this program, with loans being provided to 474 companies, totaling 34.1 billion yen.

▼ Loans for Overseas Investment by Country of Investment (FY2012)



Supporting Local Funds Procurement Overseas with the Standby Letter of Credit Program

The SME Unit has commenced its operation of the Standby Letter of Credit program from FY2012 and has built business partnerships with overseas financial institutions.

About the Standby Letter of Credit Program

The Standby Letter of Credit program supports SME's overseas subsidiaries' smooth procurement of long-term local currency denominated funds from JFC's partnering overseas financial institution by using JFC's Standby Letter of Credit as a

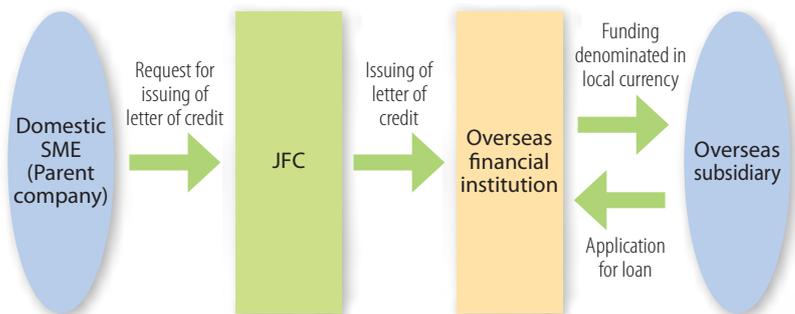
guarantee. This program makes it possible to procure funds in local circulating currency, avoid foreign exchange risks and take advantage of various financial services/products provided by overseas financial institutions.

Affiliated Overseas Financial Institutions (Note)
(countries listed in alphabetical order)

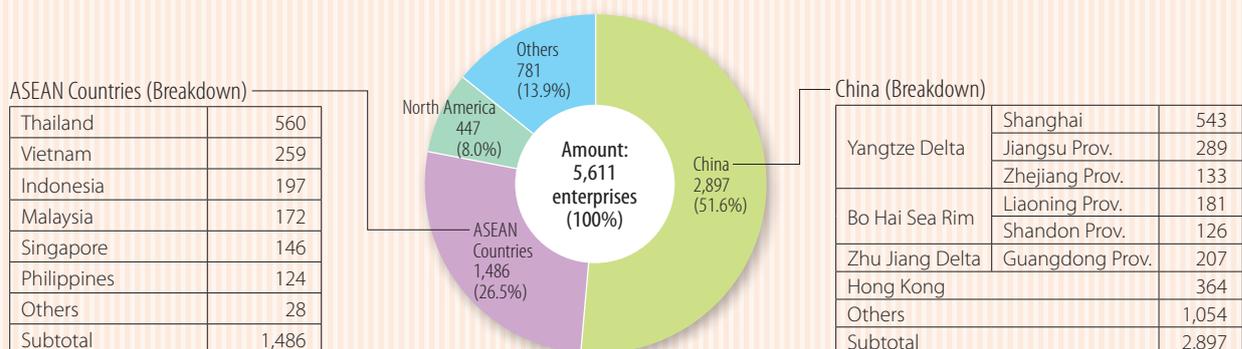
Country	Financial Institution
Indonesia	Pt Bank Negara Indonesia (Persero) TBK
Republic of Korea	KB Kookmin Bank
Malaysia	CIMB Bank
Philippines	Metropolitan Bank & Trust Company
Singapore	United Overseas Bank
Thailand	Bangkok Bank
Vietnam	VietinBank

Note: Correct as of June 30, 2013. Affiliated business partners will be expanded.

Standby Letter of Credit Program Organizational Chart



▼ Number of SME Unit's Clients Operating Overseas (FY2012 year-end)



We are Supporting Greater Overseas Business Opportunities for SMEs, by Utilizing Collaborative Networks with Overseas Representative Offices and Related Organizations, and by Holding Seminars and Business Negotiation Meetings in Japan and Abroad.

Support for Resolving Overseas Management Issues

In partnership with representative offices in Bangkok and Shanghai as well as other relevant organizations overseas, the SME Unit provides support for the resolution of various management issues faced by SMEs in expanding their businesses overseas.

Example of SME Unit's Support for Solving Business Challenges (Representative Office in Shanghai)

Business Challenge

Company A, which used surface protecting film technology to develop an elderly care-related product (an adult diaper processing machine) was faced with the issue of opening up the market for future business expansion. As a result of reviewing the situation, China, which has a population of 1.3 billion people and is rapidly becoming an aging society, was suggested as a candidate market. Company A sought information from the SME Unit regarding procedures for setting up a local subsidiary in China.

Support from the SME Unit

At the suggestion of the SME Unit, Company A visited the Shanghai representative office and learnt about the procedures for setting up a local subsidiary. It then implemented market research, taking measures such as participating in exhibitions and began by setting up an office as an information-gathering base. The SME Unit then arranged financing for Company A with a Loan for Overseas Investment.

Cooperation with Overseas Institutions

➡ Cooperation with APEC Financial Institutions Dealing with SMEs

To promote cooperation with SME-related financial institutions within the APEC region, the SME Unit signed an MOU^(Note) with 13 financial institutions in the region, including the China Development Bank (CDB) and the Small and Medium Enterprise Development Bank of Thailand (SME Bank). The SME Unit attends the annual meeting and engages in technical cooperation and information exchange.

Note: Memorandum of Understanding on Cooperation among APEC (Asia-Pacific Economic Cooperation) Financial Institutions Dealing with SMEs



The 9th Annual Meeting of APEC Financial Institutions Dealing with SMEs (Manila)

➡ Cooperation with ACSIC Member Institutions

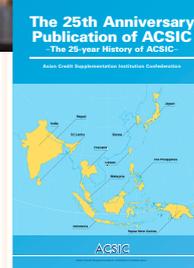
The Asian Credit Supplementation Institution Confederation (ACSIC) comprises 16 institutions including the Korea Credit Guarantee Fund (KODIT), PT. Asuransi Kredit Indonesia (PT. Askrindo) and Thai Credit Guarantee Corporation (TCG). As an ACSIC member, the SME Unit attends the annual conference and actively encourages mutual exchange with institutions engaged in implementing the Credit Supplementation System.

The 25th ACSIC Conference, marking 25 years since ACSIC's inauguration, was jointly hosted by JFC and the Japan Federation of Credit Guarantee Corporations in Yokohama in November. The conference was a great success, welcoming 120 guests from 15 institutions in nine countries and one region.

This conference also issued a commemorative publication called "The 25-year History of ACSIC" that includes the issues faced for the future of credit supplementation systems implemented by member institutions.



The 25th ACSIC Conference (Yokohama)



Holding of Seminars on Overseas Business Expansion in Japan

In July 2012, the Nagoya Branch of the SME Unit collaborated with regional financial institutions and the Organization for Small & Medium Enterprises and Regional Innovation, Japan to hold the Overseas Development Seminar.

At this seminar, the Organization for Small and Medium Enterprises and Regional Innovation, Japan gave a speech regarding economic conditions and the business environment in Myanmar and each financial institution gave explanations of support systems they had put in place for overseas development of SMEs.



Nagoya Branch Overseas Development Seminar

Holding of Business Negotiation and Network Meetings Overseas

➔ Japan–Thailand Business Negotiation Meeting

In collaboration with the Small and Medium Enterprise Development Bank of Thailand (SME Bank), a policy-based financial institution for Thai SMEs, the SME Unit organizes Business Negotiation Meetings as a platform for matching the overseas subsidiaries of Japanese client companies with local companies. A total of about 129 businesses, comprised of local companies with ISO and other official certifications, which were introduced by the SME Bank, and overseas subsidiaries of client companies, took part in lively discussions during the seventh Business Negotiation Meeting, held in February 2013.



Business Negotiation Meetings

➔ Taiwan Business Partner Local Subsidiary Exchange Meeting

The SME Unit has held seminars and social gatherings in major Chinese cities (Shanghai, Dalian, etc.) to support business partner local subsidiaries in resolving managerial issues and exchange information. With the establishment of an Overseas Representative Office in Shanghai (September, 2011), these seminars have been held in more areas and, in November, 2012, a seminar was held in Taiwan for the first time with the support of the Interchange Association Japan Taipei Office and the Japanese Chamber of Commerce and Industry (JCCI) in Taipei. This seminar included speeches by specialists regarding personnel management expertise and corporate organization theory and welcomed approximately 40 guests.



The seminar

Providing Financing and Other Support for the Recovery and Business Resumption of SMEs that Have Sustained Damage due to the Disaster

Disaster Recovery Loans

As a measure for SMEs that have sustained damage due to earthquakes, typhoons or other types of natural disasters, as well as establishing the special consultation desk, the SME Unit provides support for recovery and business resumption through the provision of Disaster Recovery Loans.

▼ Disaster Recovery Loans

Date of disaster		Name of disaster	Main affected areas	Loans granted	
Year	Month			Number of cases	Amount
1995	1	The Great Hanshin-Awaji Earthquake	Osaka, Hyogo	3,906	174.8 billion yen
2004	7	Disaster caused by torrential rain	Fukui	38	0.9 billion yen
	10	Disaster caused by torrential rain and rainstorms	Kyoto, Hyogo	35	0.7 billion yen
	10	The Niigata Chuetsu Earthquake	Niigata	135	3.7 billion yen
2007	7	The Niigata Chuetsu-oki Earthquake	Niigata	25	0.4 billion yen
2011	3	The Great East Japan Earthquake	Aomori, Iwate, Miyagi, Akita, Yamagata, Fukushima	21,887	1,519.0 billion yen

Response to the Great East Japan Earthquake

The SME Unit has taken the following responses aimed at recovery support and business resumption of SMEs affected by the Great East Japan Earthquake:

1. Established special consultation services for the Great East Japan Earthquake at branch offices nationwide, and has responded to inquiries about financing and repayments from affected SMEs.
2. Has reduced the interest rate of Disaster Recovery Loans for SMEs that sustained particularly extensive damage as a result of the disaster.
3. Due to concerns of a worsening management environment for SMEs caused by the effects of the planned blackouts arising from the Great East Japan Earthquake or by damage caused by rumors associated with the problems at the nuclear power plant in Fukushima Prefecture, we have taken measures such as reducing interest rates for people who meet certain conditions.
4. As for inquiries about repayments from SMEs affected by this disaster, has strived to respond compassionately and to alleviate the burden, in view of the individual circumstances of the affected SMEs.

The Great East Japan Earthquake Recovery Special Loan

Following approval of the first supplementary budget for FY2011, the Great East Japan Earthquake Recovery Special Loan—a Loan Program directed at SMEs—commenced on May 23, 2011.

This Loan Program was created in response to the Great East Japan Earthquake, and it integrates several financing programs

that already existed. It significantly enhances the maximum loan amounts, interest rate reductions and other measures. In addition to those who suffered direct and/or indirect damage, those subject to markedly worsened financing conditions due to rumors will also be eligible for loans.

Eligibility ^(Note 1)	Maximum amount	Loan period (grace period)	Interest rate
<ul style="list-style-type: none"> ◆ People affected directly by the earthquake ◆ People who own business premises within a caution zone, etc., related to the nuclear accidents^(Note 2) 	Special quota of 300 million yen	Facility funds: maximum 20 years (up to 5 years) Operating funds: maximum 15 years (up to 5 years)	People issued with a damage certificate, etc.: <ul style="list-style-type: none"> ● 0.5% reduction from the standard rate ● For first 3 years of loan, 1.4% reduction from the standard rate for up to 100 million yen
People indirectly affected (people who have a certain degree of business with the eligible people listed above)		Facility funds: maximum 15 years (up to 3 years) Operating funds: maximum 15 years (up to 3 years)	People issued with a damage certificate, etc.: <ul style="list-style-type: none"> ● Standard rate ● For first 3 years of loan, maximum of 0.9% reduction from the standard rate for up to 30 million yen
Other people whose sales, etc., have decreased due to the effects of the earthquake (including effects attributable to damage caused by rumors, etc.)	Special quota of 720 million yen	Facility funds: maximum 15 years (up to 3 years) Operating funds: maximum 8 years (up to 3 years)	Standard rate

Notes: 1. Those with an office in a designated disaster reconstruction zone and conducting business in that area

2. Caution zones, planned evacuation zones, emergency evacuation preparation zones

The SME Unit Actively Supports Initiatives for the Revitalization and Business Succession of SMEs, Utilizing Capital Loans and Other Facilities.

Financing of Corporate Revitalization Loans

The SME Unit is actively engaged in providing special Corporate Revitalization Loans to support SMEs with their business revitalization, management reconstruction and business succession initiatives.

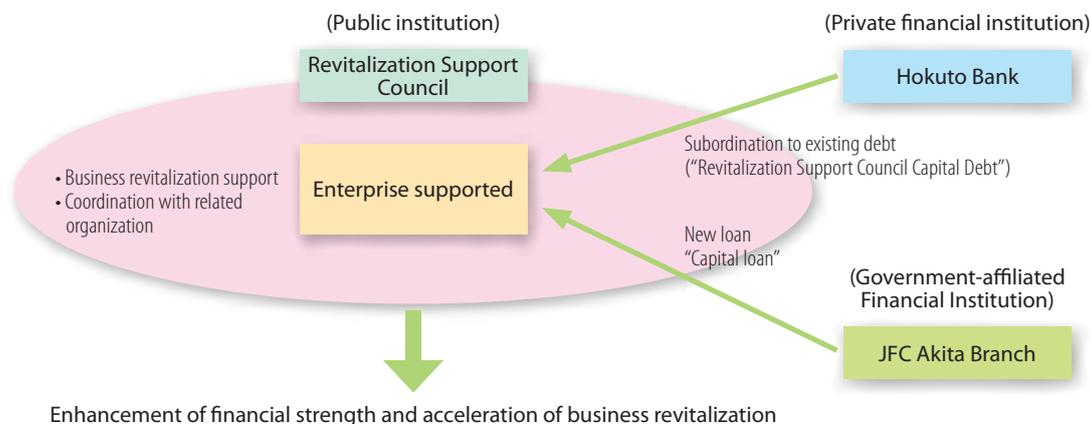
Year	FY2010	FY2011	FY2012
No. of companies	844	808	948
Amount (yen)	58.2 billion	64.6 billion	79.1 billion

Cooperation with Public Revitalization Support Institutions

By the end of December 2012, Small and Medium Enterprise Revitalization Support Councils had provided revitalization planning support to 3,584 companies nationwide. The SME Unit participated in the provision of support to about one-third (1,217) of these companies (total as of December 31, 2012).

No. of revitalization planning matters completed by Small and Medium Enterprise Revitalization Support Councils (cumulative total)	No. of cases where the SME Unit of JFC participated in the provision of support (cumulative total)	
		Support through loans
3,584 companies	1,217 companies (33.9%)	213 companies

Corporate Revitalization Loan (Capital Loan) in Cooperation with Public Revitalization Support Institution and Private Financial Institution



Using a capital loan (Corporate Restructuring and Business Succession Support Fund), the Akita Branch's SME Unit provided finance to a transport operator receiving revitalization planning support from the Akita Prefecture Small and Medium Enterprise Revitalization Support Council.

In this case, through the use of cooperative financing with

a local bank (Hokuto Bank), the financial strength of the company was enhanced, and its revitalization was accelerated by the implementing of support in cooperation with a private financial institution and the Council.

Going forward, the SME Unit will continue to actively support the business revitalization of SMEs.

Addition of DES Feature

To enhance the support provided to SMEs engaged in revitalization, the Japan Finance Corporation Act was amended in June 2013 by the addition of a debt-for-equity swap (DES) feature.

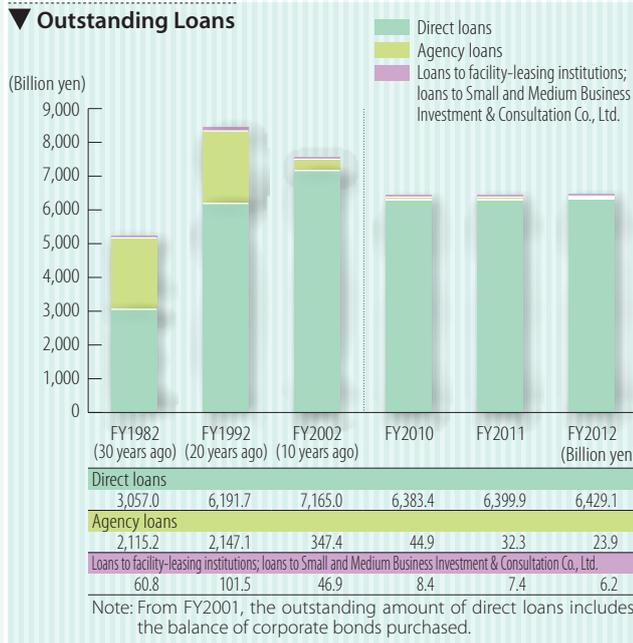
A DES is the exchanging of a company's debt for equity. The transfer of debt to shares in a company with potential for revitalization improves the company's financial condition and

promotes the revitalization of its business.

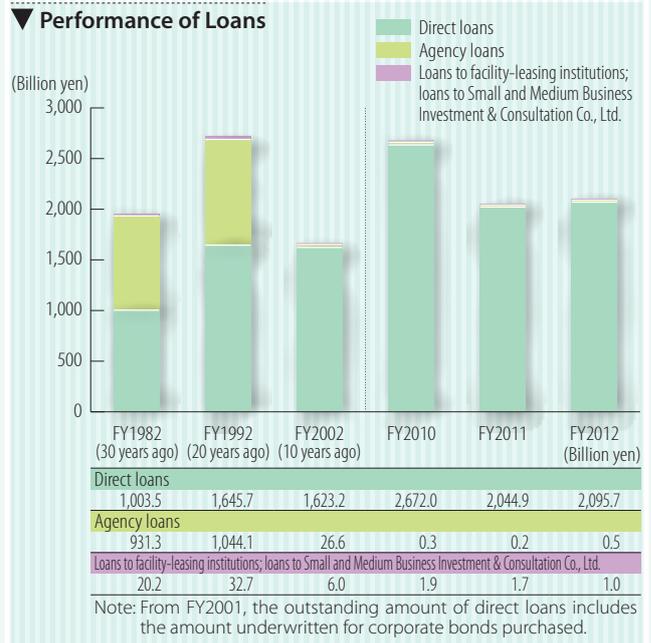
It is expected that companies capable of implementing a DES with the cooperation of private financial institutions or other parties will be the subject of the support, based on equitable procedures including the participation of Small and Medium Enterprise Revitalization Support Councils.

State of Loan Programs

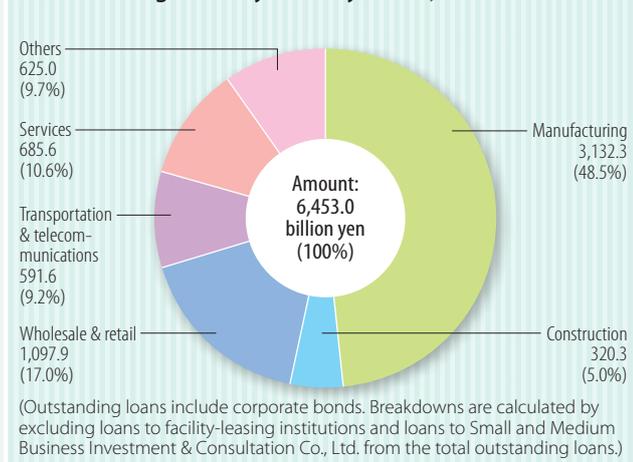
Outstanding Loans



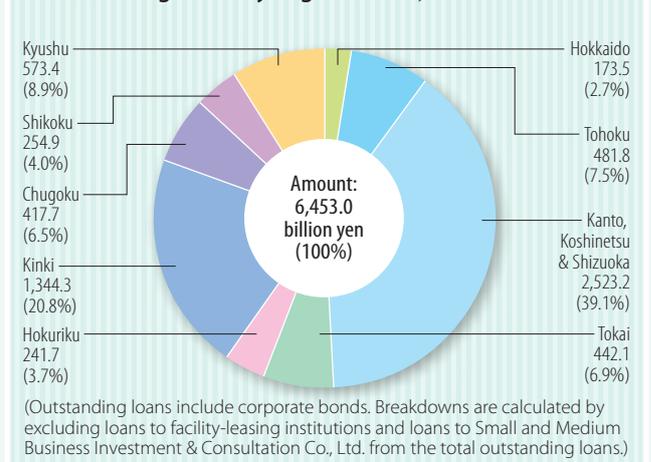
Performance of Loans



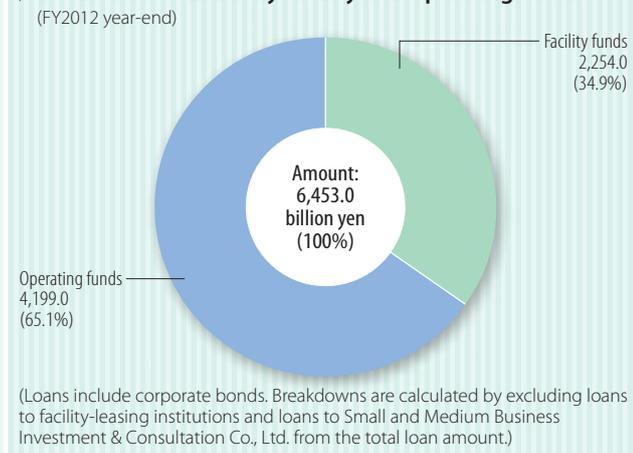
Outstanding Loans by Industry (FY2012 year-end)



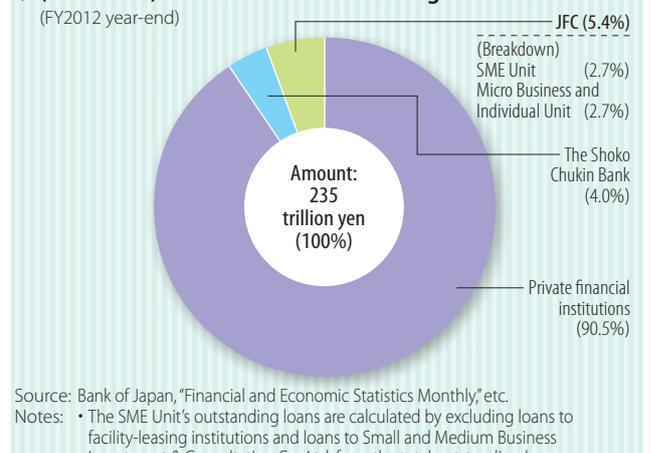
Outstanding Loans by Region (FY2012 year-end)



Breakdown of Loans by Facility and Operating Funds (FY2012 year-end)

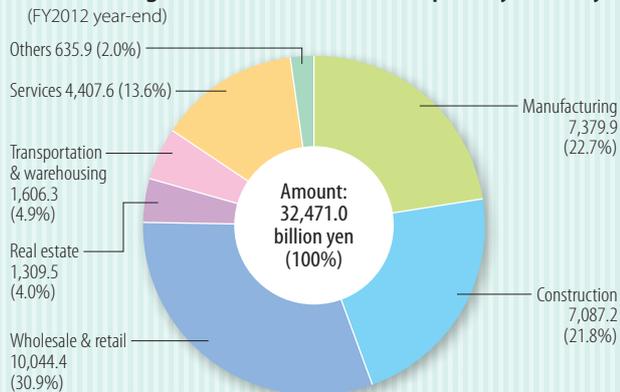


(Reference) JFC's Share of Outstanding Loans to SMEs (FY2012 year-end)

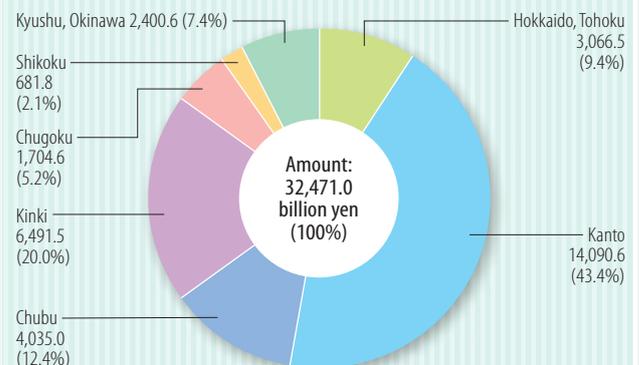


State of Credit Insurance Programs (Small Business Credit Insurance)

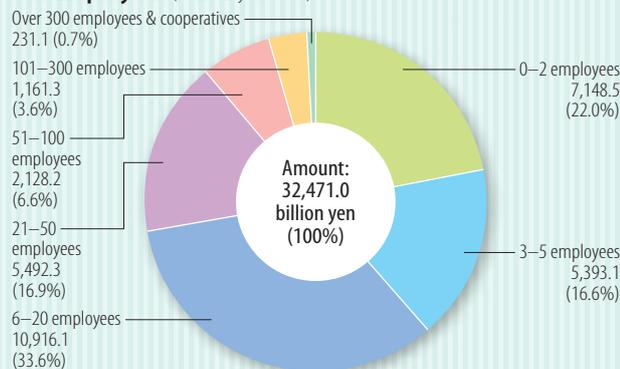
Outstanding Balance of Insurance Accepted by Industry (FY2012 year-end)



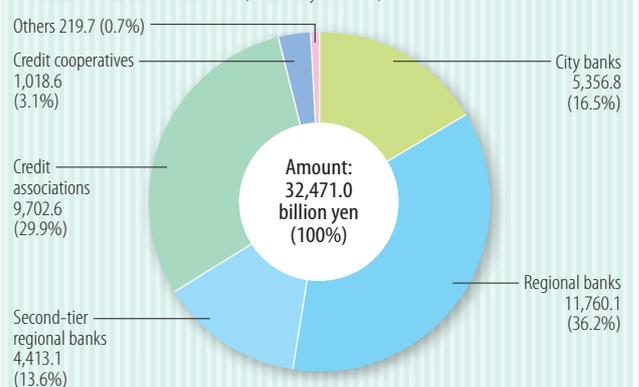
Outstanding Balance of Insurance Accepted by Region (FY2012 year-end)



Outstanding Balance of Insurance Accepted by Number of Employees (FY2012 year-end)

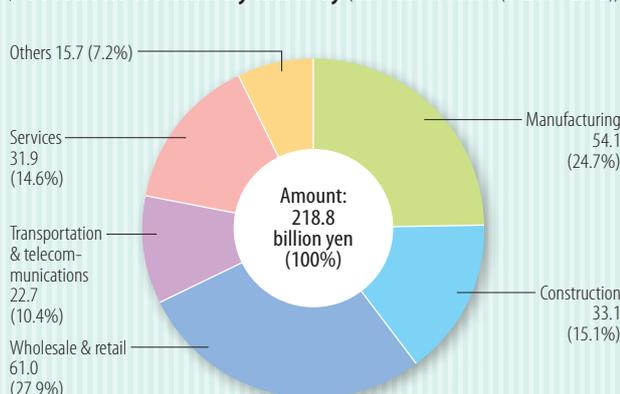


Outstanding Balance of Insurance Accepted by Type of Financial Institution (FY2012 year-end)

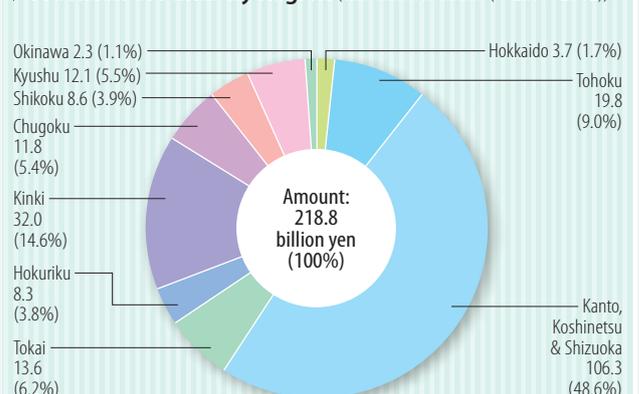


State of Securitization Support Programs

Provision of Funds by Industry (Cumulative results (FY2004-2012))



Provision of Funds by Region (Cumulative results (FY2004-2012))



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Number of Loan Offices: 152

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Loan Programs and Securitization Support Programs

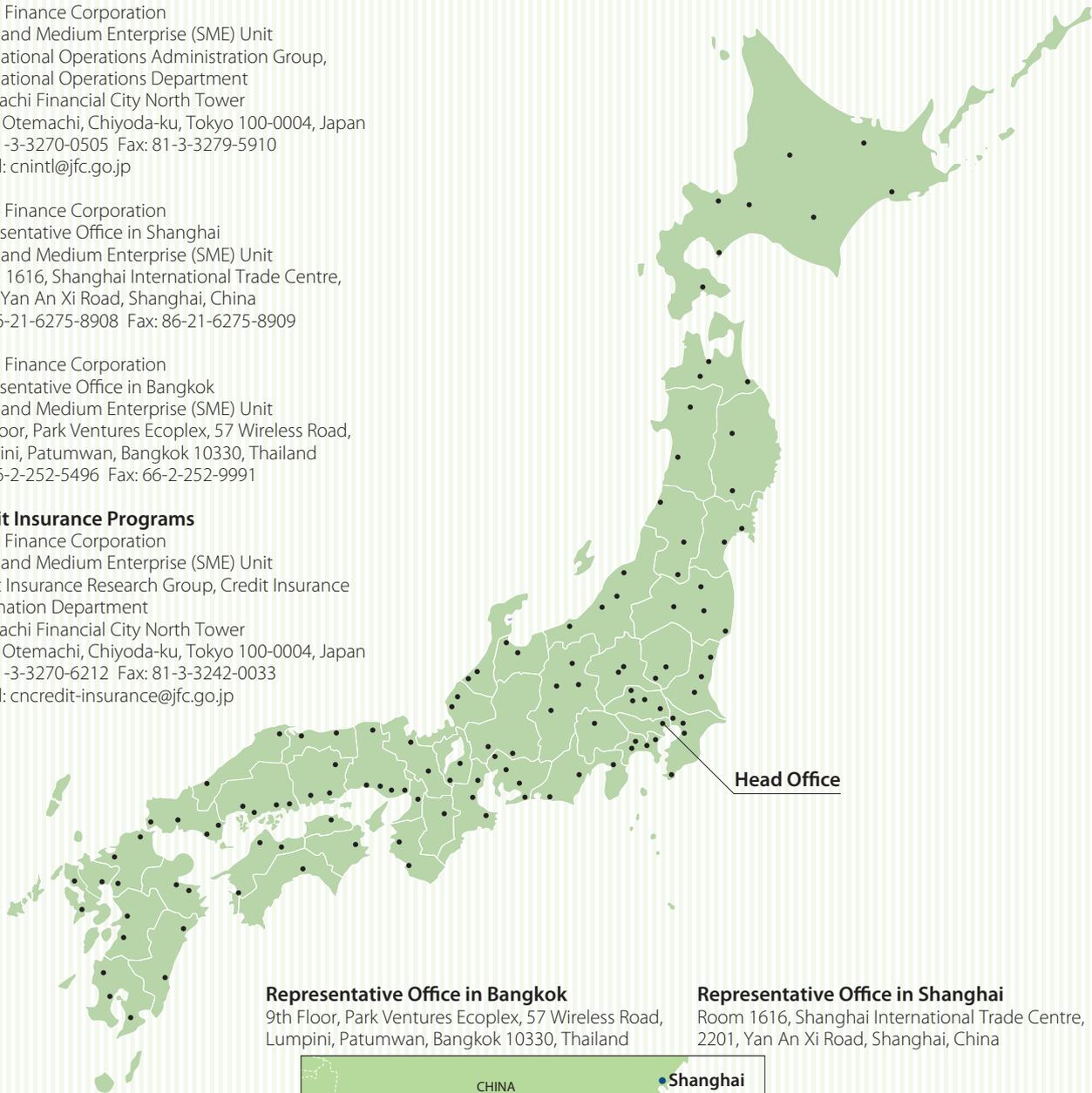
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