

CREDIT GUARANTEE SYSTEM IN JAPAN 2011

CREDIT GUARANTEE CORPORATION



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Objectives of Credit Guarantee Corporation

Credit Guarantee Corporation (hereinafter referred to as "CGC") is public institutions established under the Credit Guarantee Corporation Law. There are 52 CGCs in Japan, one in each of Japan's 47 prefectures, and five in major cities. They were established to make it easier for Small and Medium Enterprises (hereinafter referred to as "SMEs") to raise funds from financial institutions by providing guarantees on business loans. CGCs do not provide loans out of business, and thus to contribute to sound business development in these enterprises with in each territory.

Each of CGCs has been independently engaged in business activities to support local SMEs, responding to the specific needs of its own region as well as promoting a standardized guarantee system.

One important goal of these CGCs is to boost economic progress in Japan by supporting SMEs in establishing creditworthiness, and thus to help them expand their businesses. The overall objectives of CGCs in the Japanese economy are stated in the "Basic Objectives of Credit Guarantee Corporations" guidelines:

Credit Guarantee Corporation's Basic Principle

1	Benefit SMEs striving to maintain, establish, and develop operations
2	Help them to establish creditworthiness by evaluating their managerial capabilities, and facilitate funding by providing credit guarantees backed by a public institution
3	Assist in reinforcing their bases of operations by responding flexibly to a diverse range of needs including consultation, analysis, and the provision of information
4	By these actions, contribute to the prosperity of such enterprises and promote strong regional economic development.

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History of Credit Guarantee System

The credit guarantee system in Japan dates back to the establishment in September 1937 of CGC of Tokyo. The CGC was funded by 156 members including the Tokyo Metropolitan Government, commercial and industrial organizations, and financial institutions.

During the 1930's, Japan's industrial and financial sectors were caught up in the Great Depression, the effects of which had spread across the world. SMEs were particularly severely hit by the resulting economic turmoil, and had great difficulties in raising funds, due to there being insufficient funds allocated for SMEs at financial institutions, higher funding costs, and a credit crunch that stemmed from low creditworthiness among small enterprises. The government thus found it necessary to take immediate measures to ease funding for SMEs in order that they could continue in business.

The government took several measures to deal with this crisis. First, it provided financial institutions with the funds necessary to allocate loans to small enterprises; second, it reinforced the functions of those financial institutions that had been designed to deal with small businesses; third, it implemented a system designed to prevent credit restrictions on small enterprises by enhancing their creditworthiness. Specifically, the government introduced a "loss compensation system," in which the government compensated those financial institutions that the government had designated to handle loans to small enterprises for losses incurred under specific circumstances. In reality, however, the number of loans extended to small businesses was limited, since collateral was required as a precondition for a loan. Under these circumstances, there were growing calls for the government to set up a public institution to act to boost the creditworthiness of SMEs. Against this backdrop, the concept of a "credit guarantee institution" emerged, an institution that in principle provides credit guarantees backed by public funds.

Following these moves, a detailed study was launched in 1935 to prepare for the setting up of Japan's first modern credit guarantee institution. CGC of Tokyo was established in 1937, followed by one in Kyoto in 1939, and another in Osaka in 1942.

Japan's business activities declined during World War II, and the crisis confronting CGCs brought their operations virtually to a halt. After the war, the role and importance of the credit guarantee system re-emerged because of the urgent need to revive Japan's economy and to rebuild her war-shattered cities. In the efforts to support the revitalization of Japan's economy, additional CGCs were established one after another in many areas across Japan.

In 1953, the Credit Guarantee Corporation Law was enacted, and this established the public status of CGC as a government-backed corporation.

Together with this came increasing calls to satisfy the rapidly-growing demand for funds by small enterprises, and with it an urgent need to improve and extend the creditworthiness of SMEs, and to strengthen their ability to offer collateral. This resulted in a review of the conventional "loss compensation system," leading to the enactment of the Small Business Credit Insurance Law in 1950, making it possible for the government to directly insure loans to SMEs using government funds.

In 1951, moreover, the Small Business Credit Insurance Law was partially revised, and credit insurance was used for the credit guarantees provided by CGCs. This led to the current "Credit Supplementation System", a system that combines credit guarantees with credit insurance.

Small Business Credit Insurance Corporation was established in 1958 as a public corporation designed to reinsure guarantees of obligation by CGCs. The establishment of CGC and injection of public funds into CGCs have both contributed to the improvement and development of the Credit

Supplementation System.

In July 1st 1999, the Small Business Credit Insurance Corporation, the Japan Small Business Corporation, and the Textile Industry Restructuring Agency were combined to establish the Japan Small and Medium Enterprise Corporation (JASMEC). And, in July 1st 2004, Japan Finance Corporation for Small and Medium Enterprise (JASME) inherited the Credit Insurance Programs which were operated by JASMEC.

JASME, National Life Finance Corporation (NLFC), Agriculture, Forestry and Fisheries Finance Corporation (AFC) and the International Financing Operations of Japan Bank for International Cooperation (JBIC) integrated and became the Japan Finance Corporation (JFC) as of October 2008.

Since their founding, CGCs has provided guarantees through "indirect financing": it has guaranteed the business funds needed by small businesses, enabling these to borrow the funds from financial institutions. However, based on the December 1999 revision of the Credit Guarantee Corporation Law, CGCs have also begun providing guarantees by "direct financing," whereby they guarantees corporate bonds (only those that are offered through private subscription) issued by SMEs, etc.

In December 2001, the Guarantee for Loans Secured by Accounts Receivable was launched as one of the government's measures against economic deflation. This is the first partial guarantee system for SMEs except bond guarantee in Japan, and the aim of the system is supporting the diversification of SMEs' fund raising.

In December 2002, the Business Rehabilitation Guarantee System, which was also partial guarantee system, was launched to support the legal rehabilitation of SMEs, in view of the severe situation of frequent occurrence of SME

bankruptcy.

In June 2005, Japanese government settled on the policy of the reform of the Credit Supplementation System in order to make it sustainable, considering its huge amount of deficit after the financial crisis in 1998.

Since April 2006, the Variable Guarantee Fee Rate System, which we think unprecedented in the world, has been adopted and is expected to be a good incentive for SMEs to improve their business management. Furthermore it enables CGCs to offer lower fee rates to the lower credit risk SMEs and to expand the opportunity for higher credit risk SMEs to use the guarantee program.

In August 2007, there were demands to set up an environment in the framework of the Credit Supplementation System in which SMEs could receive a second chance at success, in the interest of improving Japan's economic vitality. One of the programs was created in response to these demands expanded eligibility to include the guarantee system that supports re-challenge for business owners who had experienced failure. Additionally, in an attempt to diversity of the guarantees away from excessive dependence on real estate as collateral, the scope of Guarantees for Loans Secured by Accounts Receivable was expanded with the creation of the Guarantee for Asset Based Lending.

In October 2007, "the System of Sharing of Responsibilities with Financial Institutions" was introduced, in order to deal with one of the central issues in reforming the Credit Supplementation System. This system required an appropriate sharing of responsibilities between the CGCs and the financial institutions. It took a system in which the CGCs had, as a rule, assumed 100% of the credit risk and turned it into a system in which financial institutions were required, in principle, to assume 20% of the risk. The two parties would then join together to

monitor the SME's degree of business ambition continuously. The objective of this system is to provide appropriate support for SMEs, such as financing, management assistance, and assistance for recovery.

In October 2008, in response to the unprecedented downturn in the economy, the government established, as one of its core economic countermeasures for SMEs, the Emergency Guarantee Program and in February 2010, the scale of the program was expanded to 36 trillion yen.

CGCs put this program into active effect in order

to take all steps possible to facilitate smooth fund management by SMEs.

It resulted in the approval of guarantees exceeding 27 trillion yen(accumulated total) by the end of March 2011, which significantly contributed to the financial stability of SMEs as a safety net.

A huge earthquake hit East Japan in March 2011, devastating the national economy. A series of financial support measures were adopted to assist SMEs that were affected by the Great East Japan Earthquake through disaster-related guarantees to designated disaster areas.

BRIEF HISTORY OF THE CREDIT GUARANTEE SYSTEM

1937~1942	CGC of Tokyo established in September 1937. CGC of Kyoto established in Kyoto prefecture (1939), and CGC of Osaka in Osaka City (1942).
1947~1951	45 CGCs established one in each of 45 prefectures, as well as 4 CGCs in major 4 cities; Yokohama, Kawasaki, Nagoya, and Gifu. Therefore, there are 51 CGCs in Japan. (Subsequently, Okinawa Prefecture was added, resulting in 52 CGCs at present.)
1950	The Small Business Credit Insurance Law enacted
1951	National Association of Credit Guarantee Corporation (after his name was changed "National Federation of Credit Guarantee Corporations") established.
1953	The Credit Guarantee Corporation Law enacted
1958	Small Business Credit Insurance Corporation (after his name was changed "Japan Small and Medium Enterprise Corporation " in 1999 and his name was also changed " Japan Finance Corporation for Small and Medium Enterprise " in 2004, and JASME was reorganized and integrated into the new Japan FinanceCorporation (JFC) as of October 1st, 2008.) established
2005	The Small and Medium-sized Enterprise Policy Deliberation Council, an advisory body of the METI, issued a report concerning reform of Japan's Credit Supplementation System.
2006	Introduction of a Guarantee Fee Rate that Takes Credit Risk into Account.
2007	Introduction of the System of Sharing of Responsibilities with Financial Institutions
2008~2011	Launch of the Emergency Guarantee Program

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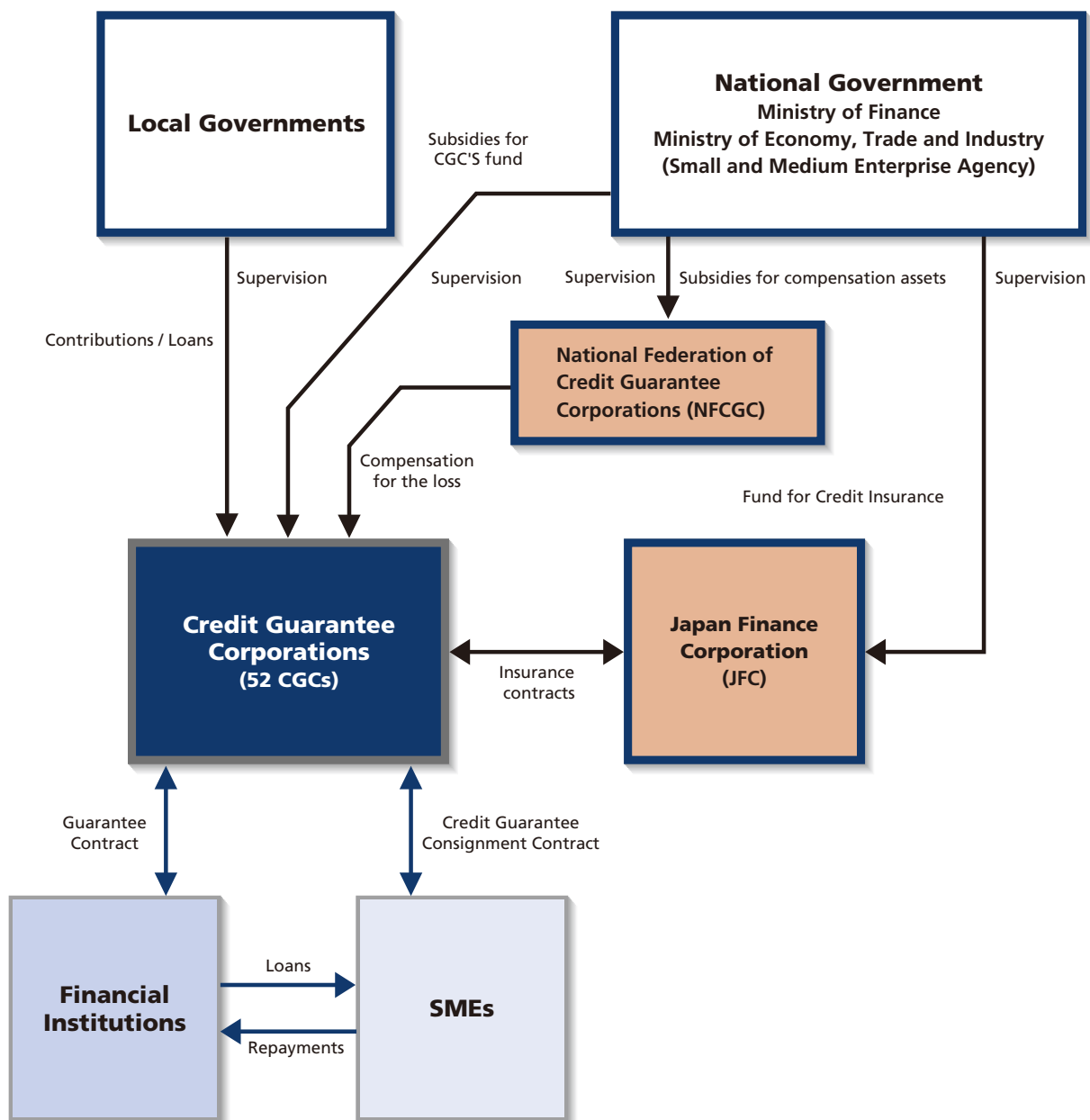
The Credit Supplementation System

The Credit Guarantee System in Japan is characterized by two functions:

(1) a "Credit Guarantee" function that enables CGC to guarantee financial institution against risks associated with loans to SMEs, and

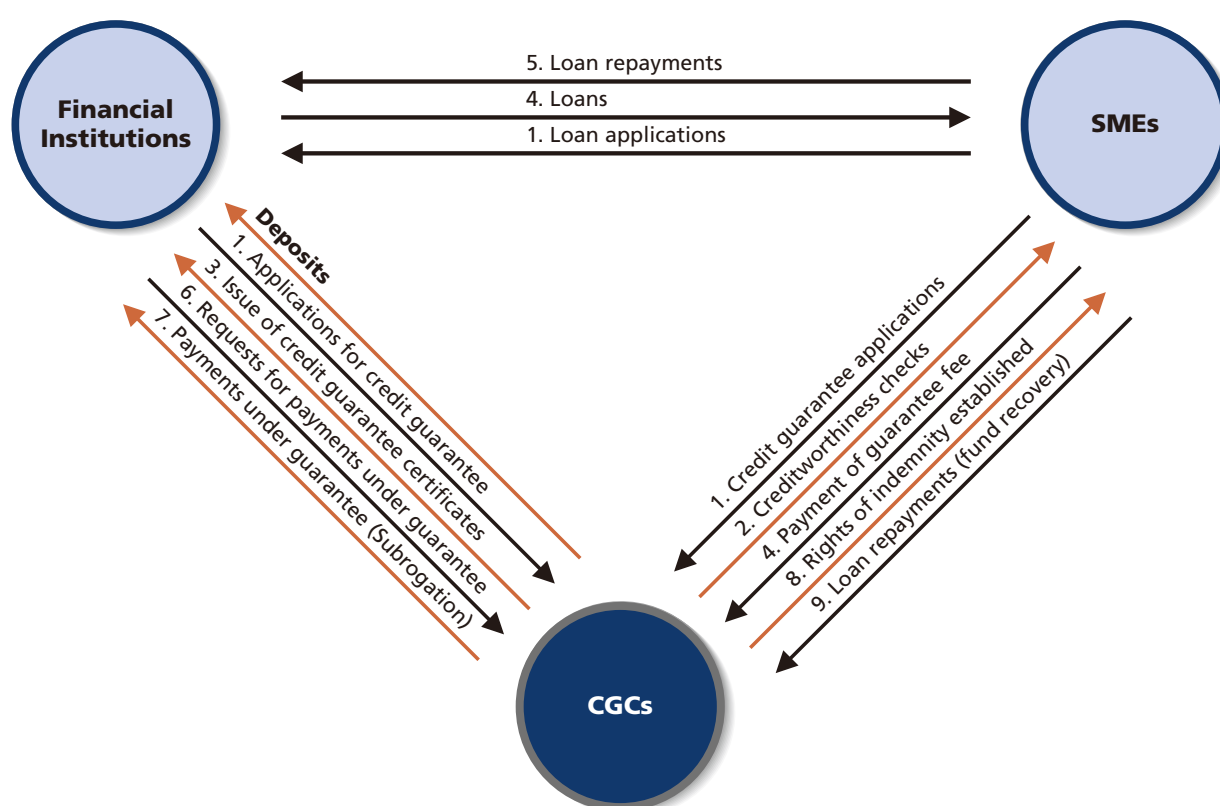
(2) a "Credit Insurance" function in which Japan Finance Corporation (JFC) funded by public money reinsures these credit guarantees.

The combination of these two functions is known as the "Credit Supplementation System," as illustrated in the following chart.



1) Credit Guarantee System Flow of Operations

The following illustration shows the process of preparing a credit guarantee, from application by SMEs for their business loan to issuing the credit guarantee certificate, awarding the loan, payment under guarantee (subrogation), and loan repayment.



1. There are two ways for SMEs to apply to CGCs for credit guarantees. One is to apply through financial institutions and the other is to apply directly.
2. Upon receipt of an application, CGC carries out credit checks on the enterprise.
3. If CGC approves the application based on the credit checks, it issues a credit guarantee certificate to the financial institution. In the case where CGC receives an application for a credit guarantee directly from a SME, CGC arranges for a financial institution to extend a loan to the company. After obtaining loan approval from the financial institution, CGC issues a credit guarantee certificate.
4. The financial institution extends a loan to the enterprise based on the credit guarantee certificate. The

enterprise pays a guarantee fee to CGC.

5. SME makes loan repayments to the financial institution in accordance with the terms and conditions of the loan.
6. In the event that SME is not able to make all or part of the repayments within the term, the financial institution requests CGC for payment under guarantee (it is called subrogation).
7. CGC makes repayments on the loan to the financial institution on behalf of the enterprise.
8. Because payment has been subrogated, CGC obtains a right of indemnity against the enterprise.
9. CGC recovers the right of indemnity from the enterprise, while assisting SME to rebound.

2) Credit Insurance System

When CGC approves a credit guarantee and a loan is extended by a financial institution based on that approval, the loan is automatically insured by JFC. For this insurance, CGC pays a credit insurance premium to JFC. If CGC makes payments under guarantee to the financial institution, the CGC claims 70%-90% of the

subrogated amount from JFC. If CGC subsequently collects the subrogated payments from SME, CGC is required to pay part (70%-90%) of the money collected to JFC.

This insurance system plays a key role in protecting the solvency of CGCs and strengthening their creditworthiness.

3) Eligible SMEs

CGCs define the scope of SME eligible to receive credit guarantees as follows. SMEs which either meet the requirements in terms of number of

regular employees or paid-up capital as given in the table below are eligible for credit guarantees (excluding some special industries).

INDUSTRY	CAPITALIZATION	NUMBER OF EMPLOYEES
Manufacturing, etc.	Up to ¥300 million	300 or less
Wholesale	Up to ¥100 million	100 or less
Retail	Up to ¥ 50 million	50 or less
Services	Up to ¥ 50 million	100 or less

Industries covered by the credit guarantee system are based on the industries designated by the enforcement regulation under the Small Business Credit Insurance Law. Agriculture,

forestry, fisheries, financial industry, religious organizations, and non-profit organizations are excluded.

4) Ceilings on Guarantees

Ceilings on guarantees for SMEs are as follows:

	INDIVIDUALS / CORPORATIONS	COOPERATIVES, ETC.
General Guarantees	¥200 million	¥400 million
Guarantees without Collateral	¥ 80 million	¥ 80 million
Bond Guarantees	¥450 million	—

Besides the above, many special guarantees have been established based on government measures,

and ceilings are set on these guarantees as appropriate.

5) Credit Guarantee Fee

A variable fee rate system based on credit risk of SMEs has been introduced since April 2006, as one of the new measures of our system reform. The guarantee fee rate, which is owed by a SME, is basically decided in 9 criteria from 0.5% to 2.2% based on the credit score of applicant SME calculated by Credit Risk Database (CRD) system.

In addition, max 0.1% discount can be applied if the applicant SME meets the certain requirements.

The guarantee under national or local government policy and guarantee in small amount are operated with smaller guarantee fee rate than the basic rate.

Under the system of sharing of responsibilities with financial institutions, which was introduced on October 1, 2007, a sharp distinction is drawn between the guarantee fee rates for targeted and untargeted firms.

6) Organization of CGCs

Number of Offices

TYPE OF OFFICE	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Branch	152	150	147	144	142	141	137

Number of Staff

TYPE OF STAFF	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Executive Officers and Staff	6,001	5,999	5,944	5,903	5,925	5,922	6,016
Male	4,669	4,651	4,609	4,565	4,550	4,517	4,518
Female	1,332	1,348	1,335	1,338	1,375	1,405	1,498

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Role of National Federation of Credit Guarantee Corporations (NFCGC)

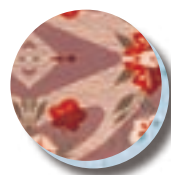
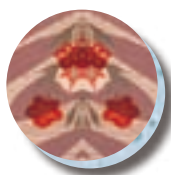
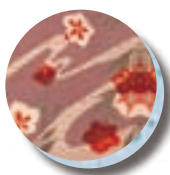
Objectives

The objectives of NFCGC are:

to promote sound development of CGCs, in order to contribute to smooth funding for SMEs

Business Activities

1. Surveys and research designed to improve credit guarantee business
2. Surveys and research on financing SMEs
3. Loan activities to CGCs for strengthening financial base, and compensation for the loss of CGCs and its proper administration
4. Based on the system of sharing of responsibilities with financial institutions, calculation, acceptance and payment of burden charge which the financial institutions pays to the CGCs.
5. Business activities as Guarantee Business Support Organization.
6. Being liaison among CGCs, JFC, financial institutions and other affiliated institutions, and provision of guidance and advice to CGCs.
7. Submission of recommendations, reports and information to related ministries and agencies
8. Information exchange and cooperation with financial and economic organizations
9. Other activities deemed necessary to achieve NFCGC's purposes



5 Activities in Credit Guarantees

Overview of the Guarantee Business in Fiscal 2010

The Japanese economy for fiscal 2010 followed an overall upward trend due to improvements in overseas economies and domestic economic policy; however, a deceleration in exports and other factors brought business growth to a temporary standstill. While the exchange rate and oil price trends led to prudent business projections by enterprises, including SMEs, a huge earthquake hit East Japan in March 2011, devastating the national economy.

Under these economic circumstances, the national government instituted its Comprehensive Emergency Economic Measures to Deal with Strong yen and Deflation in October 2010, with a supplementary budget. These measures included the Emergency Guarantee Program to Cope with the Economic Crisis ("Emergency Guarantee Program"), and other SME measures related to financial conditions, such as a program to facilitate refinancing and actively changing the conditions for guaranteed loans, to be implemented within the fiscal year. As for the situation after the end of March 2011, when the Emergency Guarantee Program ended, a safety net guarantee program which relaxes guarantee requirements and the refinancing and small loan guarantee programs targeting small enterprises were also promoted as measures to assist SMEs in realizing smooth fund management. Furthermore, a series of financial support measures were adopted to assist SMEs that were affected by the Great East Japan Earthquake through disaster-related guarantees to designated disaster areas.

This year, CGCs around the country continuously made active use of a range of guarantee systems available including this emergency guarantee program and put effort into providing financing support adapted to meet the conditions of each region and SME, making significant contribution as a safety net for financing of SMEs. Meanwhile, the NFCGC supported the CGCs' efforts, ensuring smooth operation of the systems.

As a result, guarantee approvals in fiscal 2010 totaled 1 million cases and 14.2 trillion yen, of which 470 thousand cases and 8 trillion yen were provided through the Emergency Guarantee

Program. The accumulated total of guarantee approvals has reached 27 trillion yen since the establishment of the Emergency Guarantee Program in October 2008.

The guarantee liability balance at the end of fiscal 2010 totaled 35 trillion yen, which was a drop from previous year, the first time in four years since 2006.

Subrogation, on the other hand, actively met changes in the conditions for guaranteed loans and fell below 1 trillion yen for the first time in three years since 2009; however, the credit insurance business which is inseparable with credit guarantee programs is expected to consecutively show a heavy deficit.

This affected increasing deficit in the income and expenditures of the credit insurance business which is inseparable with credit guarantee programs.

Under these difficult circumstances for the credit supplementation system, the NFCGC, aiming to structure a sustainable credit supplementation system, devoted itself to reviewing measures, such as raising the insurance premium rate as indicated by administration and the backflow of burden charge of sharing of responsibilities with financial institutions to JFC, in close collaboration with CGCs, etc. Review results were taken into consideration to formulate measures for implementation from fiscal 2011.

Furthermore, from the perspective of the appropriate management of accumulated guarantee liabilities and the enhancement of regeneration and management assistance to SMEs, the NFCGC created a collection of case examples related to interim support in cooperation with CGCs along with the promotion of operational improvement and support for CGCs, such as the practical accommodation of the Revised Interest Rate Restriction Act that was enacted in June 2010.

In addition, the NFCGC, as "Guarantee Business Support Organization" defined in the Credit Guarantee Corporation Law, promoted the exchange of information related to out-of-bound

claims for compensation, in view of further improvement of the apt and efficient operation of CGCs. The NFCGC also exerted efforts to support areas affected by the Great East Japan Earthquake, through communication and collaboration with the CGCs located in the affected areas.

As this summary shows, CGCs have continued to actively engage in financial support for SMEs which are placed under difficult situations of unprecedented scale. The NFCGC has responded to the high expectations of government and industry groups to make the Credit Supplementation System more sustainable and put effort into uniting all CGCs so that they will fully play a central and leading role in the area of SME financing.

(Results)

(1) The number of guarantee approvals by the CGCs in fiscal 2010 decreased 14.9% compared to the previous fiscal year, to 1.00 million cases, while the amount of the guarantees decreased 14.8%, to 14.17 trillion yen.

Of these amounts, the number of guarantee approvals related to the Emergency Guarantee Program accounted for 470 thousand cases and 8.8 trillion yen.

Thus, at the end of the fiscal year, there was 3.29 million cases of outstanding guarantee liabilities (decreased 2.8% compared to the previous fiscal year) with the amount of 35.7 trillion yen (decreased 2.2%).

(2) The cases of subrogation decreased 19.2% compared to the previous year, to 87 thousand while their amount decreased 18.0%, to 937 billion yen. CGCs recovered the right of indemnity positively by using Credit Guarantee Servicer Inc.^{*1}

(3) CGCs use the SME Credit Risk Database (CRD)^{*2} positively and seek dual aim of breaking free from SME financing dependent on real estate collateral and refining and accelerating guarantee investigation operations by using CRD.

***1 Credit Guarantee Servicer Inc.**

- With unsecured indemnity right increasing, the national government has established and revised laws and ordinances necessary for strengthening indemnity right recovery operations. Based on this, 52 CGCs, in April 2001, jointly funded and founded the Credit Guarantee Servicer Inc. --a collection company that conducts indemnity right management and recovery operations focused mainly on unsecured indemnity right related to the Special Guarantee System for the Financial Stabilization of Small Business --thus expanding and strengthening their indemnity right recovery system.

***2 SME Credit Risk Database (CRD)**

- Under the leadership of the Ministry of Economy, Trade and Industry and the Small and Medium Enterprise Agency, the SME Credit Risk Database (CRD) began operating in April 2001. Its purpose is to improve the current fundraising environment, in which SMEs without collateral can not readily procure capital, by establishing an information infrastructure that enables financial institutions and investors to make reliable assessments of the credit standing of SMEs.

The CRD was established to achieve more streamlining and efficiency in financing for SMEs by measuring credit risks associated with SME financing based on data on SMEs' business conditions.

As the membership and data accumulation expanded, CRD established its footing as an infrastructure for collecting data on SMEs. In April 2005, it obtained the corporate status of a limited liability intermediate corporation. In June 2009, the status has changed to a general aggregate corporation from a limited liability intermediate corporation as a result of the enforcement of the Act on General Incorporated Associations and General Incorporated Foundations.

As of the end of June 2011, CRD membership consists of 198 institutions including 52 credit guarantee associations, 3 government-affiliated and private financial institutions, which are participating in the operation of the system.

Funding of Credit Guarantee Corporations

Basic Assets

The basic assets that form the basis of the creditworthiness of CGCs consist of funds and reserves.

There are two sources of funds: supporting contributions, which CGCs collect from local governments, financial institutions, and industry organizations, and standard contributions from

financial institutions. Standard contributions from the financial institutions to CGCs are treated as tax-deductible under the law.

Reserves are the balance of yearly income and expenditure carried over into a reserve fund.

Basic assets at the end of March 2011 were as follows:

Basic Assets Fund	¥1,486 billion
Funds (Accumulative)	¥472billion
Reserves (Accumulative)	¥1,013billion
Financial Assistance (Total)	¥801.7billion
Local Governments	¥608.8billion
Financial Institutions	¥192.1billion
Industry Organizations	¥0.8billion

Notice

Approximately half of the contributions from local governments were contributions by way of the national government.

Ceiling on guaranteed liabilities

The overall ceiling on the total amount of guarantees that each CGC is allowed to provide is set as a certain multiple of its basic assets, and is

currently between 35 and 60 times the value of the basic assets.

Borrowing

In addition to the basic assets, part of CGCs' funds is borrowed from local governments. The borrowed money is deposited with financial institutions in order to help for Basic Assets

expand guaranteed loans to SMEs.

The average amounts of outstanding borrowings during fiscal 2010 was 844.2 billion yen.

Financial Support from The Government and its Effects on SMEs

While the operations of CGCs are financed primarily by the guarantee fee and capital gains on CGCs' assets, the national and local governments also provide financial support to the credit guarantee corporations to promote their operations and enhance the management base.

1. Fund for credit insurance

When CGCs make payments under guarantee to financial institutions, they are paid the benefits from the insurance contract that they hold with JFC. Fund for credit insurance forms the source for the payment of these insurance benefits.

2. Subsidies for CGC's funds

From a view point of easing the financial impact from the reform of credit supplementation system to CGCs and enhancing the smooth realization of the reform, the government has granted 'Subsidies for CGC's Fund' directly to the CGCs, which had been formerly granted through the local governments, since fiscal 2005. With this change of treatment, CGCs could spend this Fund for the compensation of their loss. In spite of this change, local governments continue their financial assistance to CGCs as before.

3. Deposits

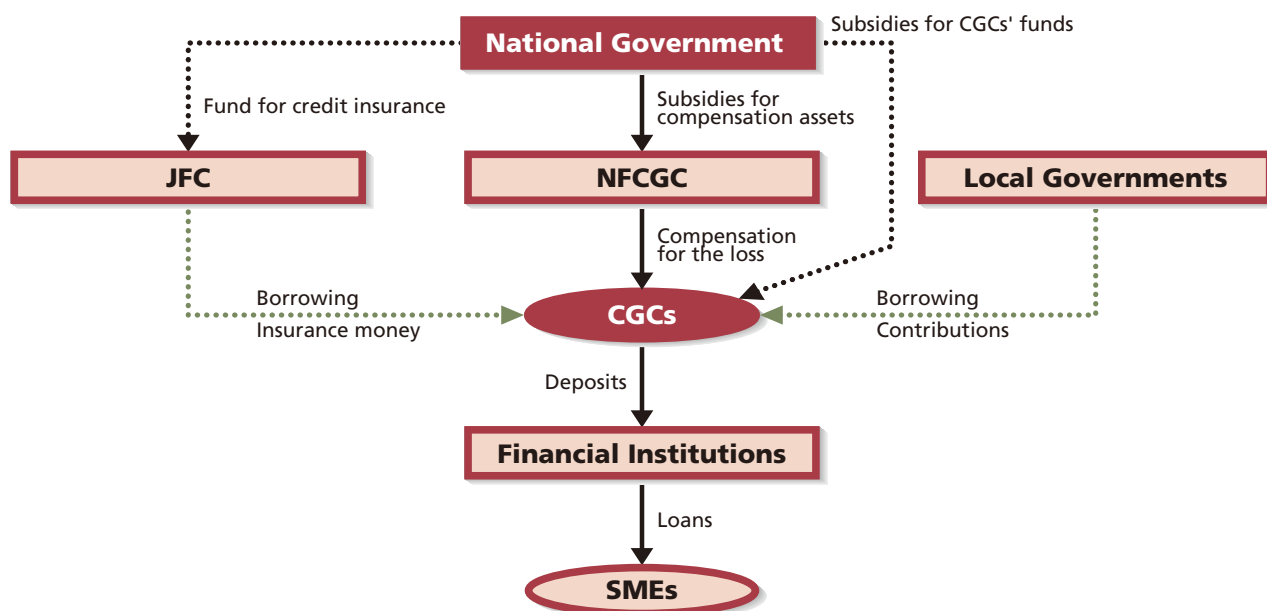
CGCs deposit money borrowed from JFC and local governments and part of their own funds with financial institutions. These deposits increase the total deposits at financial institutions, leading to an expansion in the number of guaranteed loans and a reduction in lending rates.

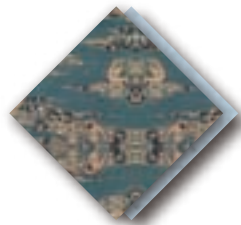
4. Compensation for the loss

It is a subsidy provided by the government to NFCGC for compensating the loss for the payment in subrogation by CGCs which guarantee specific fund demand.

The government also provided a subsidy to the NFCGC for providing interest-free loans to CGCs with the goal of strengthening their financial basis.

This compensation covers, among others, the loss in the Special Guarantee for Medium-sized Enterprises, the borrowers of failed financial institutions, and in the Safety Net Guarantee Program aiming for the smooth financing of SMEs experiencing cash management difficulties due to natural disasters, bankruptcy of business partners, or failure of their correspondent financial institution.





Supplement

1. Statistics

(Unit : ¥100 million,%)

FY	Acceptance of Guarantee				Outstanding Guarantee Liabilities			
	Case	Amount	Compared rate	Averaged Amount in 1 case (10 thousand)	Case	Amount	Compared rate	Averaged Amount in 1 case (10 thousand)
2001	1,301,184	132,258	67.4	1,016	4,565,987	370,120	89.3	811
2002	1,320,510	140,427	106.2	1,063	4,386,362	331,885	89.7	757
2003	1,382,701	151,964	108.2	1,099	3,944,998	311,022	93.7	788
2004	1,229,488	131,629	86.6	1,071	3,737,942	297,433	95.6	796
2005	1,140,009	129,802	98.6	1,139	3,489,022	287,964	96.8	825
2006	1,175,809	136,591	105.2	1,162	3,458,486	292,661	101.6	846
2007	1,094,269	130,273	95.4	1,191	3,443,053	293,682	100.3	853
2008	1,330,882	195,811	150.3	1,471	3,432,308	339,192	115.5	988
2009	1,179,065	166,252	84.9	1,410	3,389,640	358,507	105.7	1,058
2010	1,002,990	141,723	85.2	1,413	3,294,020	350,683	97.8	1,065

(Unit : ¥100 million,%)

FY	Payment under Guarantee	
	Case	Amount
2001	126,194	12,350
2002	138,488	12,604
2003	119,930	10,217
2004	97,422	8,279
2005	80,368	6,871
2006	78,708	6,852
2007	85,906	7,943
2008	104,717	10,358
2009	107,450	11,420
2010	86,796	9,366

(Monetary unit : ¥100 million)

FY	Number of companies using guarantees	Number of SMEs	Guarantee use rate (companies)	Outstanding loans to SMEs	Guarantee use rate (total monetary amount)
2001	2,103,441	4,836,764	43.5	3,162,934	11.7
2002	2,000,197	4,836,764	42.7	2,929,460	11.3
2003	1,864,705	4,689,609	39.8	2,609,462	11.9
2004	1,757,754	4,689,609	37.5	2,532,176	11.7
2005	1,653,776	4,689,609	35.3	2,551,651	11.3
2006	1,612,705	4,689,609	37.3	2,593,436	11.3
2007	1,574,188	4,326,342	37.5	2,574,487	11.4
2008	1,567,967	4,197,719	37.4	2,518,314	13.4
2009	1,591,726	4,197,719	37.9	2,522,179	14.2
2010	1,573,067	4,197,719	37.5	—	—

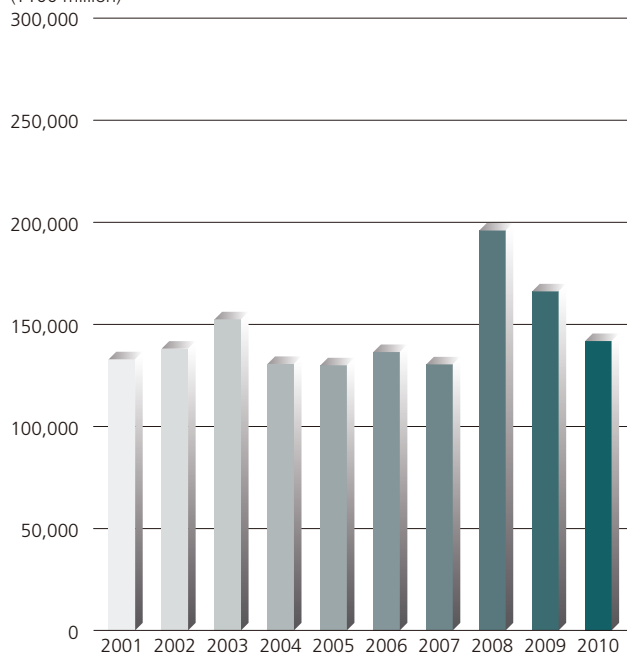
Notice

1. Guarantee use rate (companies) = Number of companies using guarantees/Number of SMEs
 2. Guarantee use rate (total monetary amount) = Outstanding guarantee liabilities/*Outstanding loans to SMEs
 3. The number of SMEs is surveyed once every 5 years. For fiscal 2003, the number from the fiscal 2002 survey was used
 4. The number of companies using guarantee has quoted from the data of JFC until the fiscal 2003. From the fiscal 2004, the number from the data of NFCGC is used
 5. Outstanding loans to SMEs for fiscal 2010 is expected to be announced on and after September, 2011
- *the statistics method has been changed since FY 2003

2. Services of Credit Guarantee in recent 10 years (Charts)

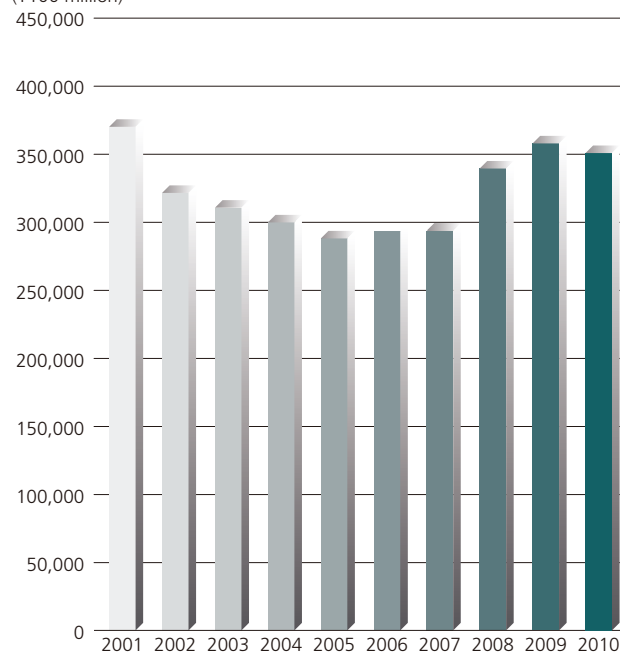
Acceptance of Guarantee

(¥100 million)



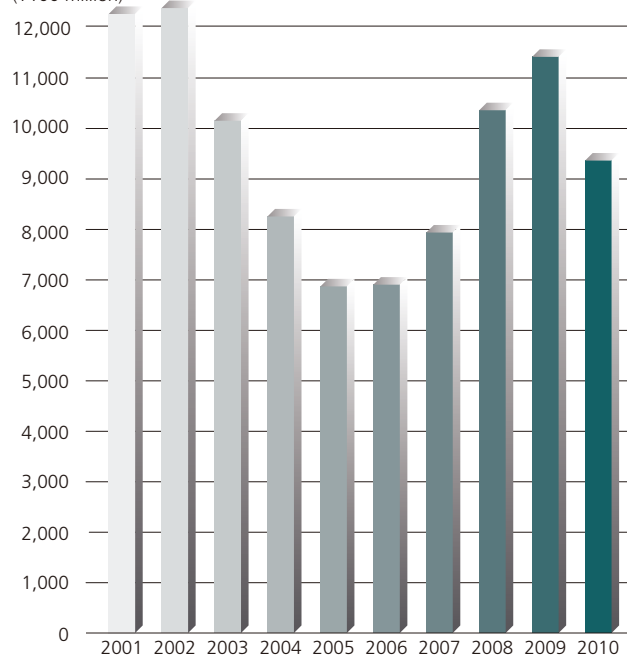
Outstanding Guarantee Liabilities

(¥100 million)



Payment Under Guarantee

(¥100 million)



3. The transition of the Basic assets Fund

(Unit : ¥ million)

Fiscal Year Item	2004	2005	2006	2007	2008	2009	2010
Basic assets Fund	1,343,709	1,363,743	1,394,883	1,427,763	1,438,808	1,426,312	1,485,646
Fund	428,966	431,799	436,015	443,953	451,226	462,281	472,287
Special Fund for Financial Stabilization	67,898	56,066	50,517	45,890	43,381	0	–
Reserves	846,845	875,878	908,351	937,919	944,201	964,031	1,013,359
Financial assistance (total)	761,193	765,675	771,175	775,679	783,019	792,973	801,652
Local governments	605,359 80%	606,367 80%	607,924 80%	608,255 78%	608,473 78%	608,638 77%	608,751 76%
Prefectures	512,519 67%	512,962 67%	514,002 67%	514,181 66%	514,270 66%	514,322 65%	514,364 64%
Cities, towns, villages	92,840 12%	93,405 12%	93,922 12%	94,073 12%	94,203 12%	94,316 12%	94,387 12%
Financial institutions (financial assistance + burden charges)	155,010 20%	158,483 21%	162,426 21%	166,600 21%	173,722 22%	183,510 23%	192,076 24%
Trade associations	825 –	825 –	825 –	825 –	825 –	825 –	825 –

Notice

Fractions have been rounded off, so the totals for the various items do not necessarily agree with the amounts in the Total column.

4. The transition of Loan fund etc. from National Government

(Unit : ¥100 million)

Fiscal Year Item	Subsidies for fund of CGCs (total)	Subsidies for compensation assets of NFCGC	Fund for credit insurance
1958~1995 Total	527		5,571
1996	27 (554)		100
1997	90 (644)		182
1998	2,230 (2,874)		3,298.2
1999	1,065 (3,939)		3,365.2
2000	173 (4,112)	127	5,987.62
2001	54 (4,166)	174	1,698.45
2002	55 (4,221)	434	4,037.6
2003	42 (4,263)	12	972
2004	42 (4,305)	22.9	3,647.9
2005	42 (4,347)	12	902
2006	72 (4,419)	12	915
2007	42 (4,461)	12	2,531
2008	42 (4,503)	554.75	7,748
2009	42 (4,545)	1,040	20,516
2010	42 (4,587)	308	6,013

Notice

Includes revised budget.

Directory of 52 Credit Guarantee Corporations

CGC	Postal Code	ADDRESS	Phone No.
Hokkaido	(060-8670)	14-1, Odori-nishi, Chuo-ku, Sapporo	(011)241-2231
Aomori-ken	(030-8541)	2-4-1, Shinmachi, Aomori	(017)723-1351
Iwate-ken	(020-0062)	6-2, Nagata-cho, Morioka	(019)654-1500
Miyagi-ken	(980-0014)	2-16-12, Honcho, Aoba-ku, Sendai	(022)225-6491
Akita-ken	(010-0923)	1-47, Kyokuhoku-nishikimachi, Akita	(018)863-9011
Yamagata-ken	(990-8580)	1-1-1, Jhonan-cho, Yamagata	(023)647-2245
Fukushima-ken	(960-8053)	1-20, Mikawaminamimachi, Fukushima	(024)526-2331
Niigata-ken	(951-8640)	1-47-1, Kawagishi-cho, Chuo-ku, Niigata	(025)267-1311
Ibaraki-ken	(310-0801)	2-2-35, Sakuragawa, Mito	(029)224-7811
Tochigi-ken	(320-8618)	3-1-4, Chuo, Utsunomiya	(028)635-2121
Gunma-ken	(371-0026)	3-3-1, Otemachi, Maebashi	(027)231-8816
Saitama-ken	(330-9608)	1-7-5, Sakuragi-cho, Omiya-ku, Saitama	(048)647-4711
Chiba-ken	(260-8501)	4-17-8, Chuo, Chuo-ku, Chiba	(043)221-8181
Tokyo	(104-8470)	2-6-17, Yaesu, Chuo-ku, Tokyo	(03)3272-2251
Kanagawa-ken	(220-8558)	6-35-1, Sakuragi-cho, Nishi-ku, Yokohama	(045)681-7172
Yokohama-shi	(231-8505)	22, Yamashita-cho, Naka-ku, Yokohama	(045)662-6622
Kawasaki-shi	(210-0024)	1-66, Nisshin-cho, Kawasaki-ku, Kawasaki	(044)211-0503
Yamanashi-ken	(400-0035)	2-2-1, Iida, Kofu	(055)235-9700
Nagano-ken	(380-0838)	597-5, Minami-Nagano-Agata-machi, Nagano	(026)234-7288
Shizuoka-ken	(420-8710)	5-4, Ote-machi, Shizuoka	(054)252-2120
Aichi-ken	(453-8558)	7-9, Tsubaki-cho, Nakamura-ku, Nagoya	(052)454-0500
Nagoya-shi	(460-0008)	2-12-31, Sakae, Naka-ku, Nagoya	(052)201-3041
Gifu-ken	(500-8503)	5-14-53, Yabuta-minami, Gifu	(058)276-8123
Gifu-shi	(500-8813)	2, Meitoku-cho, Gifu	(058)265-4611
Mie-ken	(514-0003)	3-399, Sakura-bashi, Tsu	(059)229-6021
Toyama-ken	(930-8565)	2-1-3, Sogawa, Toyama	(076)423-3171
Ishikawa-ken	(920-0918)	9-25, Oyama-cho, Kanazawa	(076)222-1511
Fukui-ken	(918-8004)	2-8-1, Nishikida, Fukui	(0776)33-1800
Shiga-ken	(520-0806)	2-1, Uchide-hama, Otsu	(077)511-1300
Kyoto	(615-0042)	17, Higashi-nakamizu-cho, Saiin, Ukyo-ku, Kyoto	(075)314-7221
Osaka-fu	(541-8548)	4-3-6, Minami-honmachi, Chuo-ku, Osaka	(06)6244-7121
Osaka-shi	(541-0053)	1-4-5, Honmachi, Chuo-ku, Osaka	(06)6260-1700
Hyogo-ken	(651-0195)	62-1, Naniwa-cho, Chuo-ku, Kobe	(078)393-3900
Nara-ken	(630-8668)	163-2, Horen-cho, Nara	(0742)33-0551
Wakayama-ken	(640-8158)	39, Juniban-cho, Wakayama	(073)423-2255
Tottori-ken	(680-0031)	3-201, Honmachi, Tottori	(0857)26-6631
Shimane-ken	(690-8503)	105, Tono-machi, Matsue	(0852)21-0561
Okayama-ken	(700-8732)	2-12-23, Noda, Kita-ku, Okayama	(086)243-1121
Hiroshima-ken	(730-8691)	3-27, Kaminobori-machi, Naka-ku, Hiroshima	(082)228-5500
Yamaguchi-ken	(753-8654)	4-5-16, Chuo, Yamaguchi	(083)921-3090
Kagawa-ken	(760-8661)	2-2-2-101, Fukuoka-machi, Takamatsu	(087)851-0061
Tokushima-ken	(770-0902)	2-5, Nishi-shinmachi, Tokushima	(088)622-0217
Kochi-ken	(780-0901)	3-13-14, Kamimachi, Kochi	(088)823-3261
Ehime-ken	(790-8651)	4-1-2, Ichiban-cho, Matsuyama	(089)931-2111
Fukuoka-ken	(812-8555)	2-2-1, Hakataeki-minami, Hakata-ku, Fukuoka	(092)415-2600
Saga-ken	(840-8689)	1-2-35, Matsubara, Saga	(0952)24-4341
Nagasaki-ken	(850-8547)	4-1, Sakura-machi, Nagasaki	(095)822-9171
Kumamoto-ken	(860-8551)	4-1-1, Minamikumamoto, Kumamoto	(096)375-2000
Oita-ken	(870-0026)	3-1-64, Kanaike-cho, Oita	(097)532-8348
Miyazaki-ken	(880-0804)	2-23, Miyata-cho, Miyazaki	(0985)24-8251
Kagoshima-ken	(892-0821)	9-1, Meizan-machi, Kagoshima	(099)223-0271
Okinawa-ken	(900-0016)	3-1-20, Maejima, Naha	(098)863-5302
National Federation of Credit Guarantee Corporations		(101-8534) 2-1, Kandatsukasa machi, Chiyoda-ku, Tokyo	(03)6823-1200

Please visit our website at <http://www.zenshinhoren.or.jp>

Location of 52 Credit Guarantee Corporations



NATIONAL FEDERATION OF CREDIT GUARANTEE CORPORATIONS (NFCGC)

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