Credit Guarantee Corporation of Tokyo Annual Report

2026

TOKYO GUARANTEE

Our Fundamental Philosophy

We at CGCT,
by offering credit guarantees,
connect the energy and credit standing of
small and medium enterprises to new possibilities,
and provide strong support for
the advancement of management.

Our Action Principles

External service, Customer orientation	"We attend to customers with attitudes of kindness, fairness and gratitude."
Internal environment, Ways of working	"With new ideas and free discussion, we aim to make our office a cheerful and challenging workplace."
Fruitful working lives	"We strive for personal development, with sound bodies and minds."

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Greeting

Message from the Chairman & President

山本 隆

Takashi Yamamoto

Chairman & President
Credit Guarantee Corporation of Tokyo

We have published the Annual Report 2026, a disclosure document that reports on our business activities in FY2025 and business plan for FY2026. We hope that the report offers a deeper understanding of initiatives undertaken by the Credit Guarantee Corporation of Tokyo (CGCT).

During FY2025, the Japanese economy continued on a moderate recovery path supported by steady wage growth and domestic investment, with nominal GDP reaching the 600 trillion yen level. However, uncertainty about the future gradually increased as a result of factors including the impact of US trade policies at the beginning of the fiscal year and heightened tensions in the Middle East toward its end. In particular, the environment surrounding small and medium enterprises (SMEs) remains challenging. In addition to issues such as elevated raw material and energy prices, labor shortages, and the lack of business successors, SMEs face overlapping uncertainties arising from international developments, foreign exchange fluctuations, and rising prices.

In light of these conditions, the Japanese government has further strengthened support measures based on its Comprehensive Economic Measures to Build a "Strong Japanese Economy." These efforts include promoting wage increases and business growth among SMEs through stronger price pass-through practices, along with fairer trading conditions, labor-saving investments, and productivity enhancement initiatives. The government has also implemented a broad range of support measures, including enhanced frameworks for business succession and M&A support, strengthened hands-on support systems, management improvement assistance utilizing new credit guarantee programs, and business revitalization support through programs such as management improvement support guarantee plans. The Tokyo Metropolitan Government has also been advancing seamless support measures that include flexible operation of institutional financing programs, support for startups and business succession, and business revitalization assistance. It has also expanded financing programs aimed at promoting women's participation and addressing social challenges in order to respond to the increasingly diverse management challenges facing SMEs.

At a time when support for SMEs is regarded as more important than ever, CGCT has aligned its efforts with the abovementioned initiatives and is working to promote both stable cash flow and sustainable growth among SMEs through a combination of financial and management support. Through a special guarantee program for coordinated support, we are helping SMEs address a wide range of management issues, including business stabilization and growth, by flexibly combining loans guaranteed by CGCT with those that are not. At the same time, we continue to focus on establishing lending practices that do not rely on personal guarantees by business owners through active use of the program that allows SMEs to obtain financing without a personal guarantee. Furthermore, through a special guarantee program with enhanced monitoring, which began operations in March 2026, we have established a system designed to support the growth of SMEs facing challenges such as rising prices and labor shortages. By working closely with financial institutions and support agencies to monitor participants' financial conditions on a monthly basis and identifying funding needs and changes in management conditions, we are able to provide forward-looking support at an early stage.

With respect to management support, in addition to encouraging greater use of our specialist dispatch services, we have strengthened follow-up activities after support is provided, confirming current conditions and assessing outcomes in order to deliver continuous and comprehensive assistance. We also participate in collaborative initiatives such as the Tokyo Team Support Assistance Conference and the Tokyo Business Succession Consortium, led by the Tokyo Metropolitan Government and commonly known as "Support! Business Succession." Through these activities, we address a variety of management issues, including business succession, while providing support tailored to each stage of business development, such as startup, overseas expansion, and business revitalization. This enables us to respond flexibly to the specific circumstances of individual SMEs.

As a community-based public institution, CGCT will continue to work closely with SMEs and help them overcome challenges through the twin pillars of financial and management support. We will also fulfill our role as a safety net during economic crises and natural disasters while striving to enhance our services from the user's perspective and provide timely information. Through these efforts, we aim to be a trusted partner for SMEs.

In conclusion, we sincerely request your continued support and cooperation.

June 2026

Business Objectives

The central objective of the Credit Guarantee Corporation of Tokyo (CGCT) is to support the many small and medium enterprises (SMEs) that are managing their businesses in a reliable manner and striving to grow. Our chief tool is to offer credit guarantees to SMEs so that they can raise necessary funds from financial institutions or the capital market.

History

Foundation

In 1937, when the Japanese economy was in a serious recession, to help resolve the fund-raising difficulties of SMEs, the Tokyo Prefectural Government and the Tokyo City Government (now the Tokyo Metropolitan Government) established an incorporated association, the Credit Guarantee Corporation of Tokyo, as the first institution in Japan to enter the credit guarantee business.

Enactment of The Credit Guarantee Corporation Law

In 1954, CGCT was transformed into an approved corporation pursuant to the Credit Guarantee Corporation Law, which was enacted to facilitate our services and strengthen our organizational base.

Fifty-One Credit Guarantee Corporations Nationwide

From 1937, when CGCT was established as a pioneer in providing credit guarantee services, to 1961, credit guarantee corporations were founded in each prefecture across the country. At present, there are 51credit guarantee corporations in Japan.

Establishment of the Credit Supplementation System

In 1958, the Small Business Credit Insurance Corporation (now the Japan Finance Corporation) was established as a government agency to provide insurance for the guarantees offered by credit guarantee corporations across the country. It was at this point that the current framework of Japan's credit supplementation system was completed. (See page 7, "Mechanism of the Credit Supplementation System".)

Development of the System

The credit supplementation system has been greatly enhanced since its establishment. For example, the definition of SMEs has been expanded to include larger firms, the range of business categories eligible for guarantees has been broadened and the value limit for unsecured guarantees has been increased several times.

Moreover, in response to the diverse needs of SMEs, various new types of credit guarantee programs continue to be developed, such as the Safety-Net for Financing Guarantee, CLO (collateralized loan obligation) guarantees, corporate bond guarantees and ABL (asset-based lending) guarantees.

Based on the report by the Council on Government Policy for SMEs, various efforts are being made to better respond to the needs of the times, such as the implementation of a responsibility-sharing system with financial institutions and a guarantee rate system based on the client's degree of credit risk.

Advancing with Small and Medium Enterprises

At present, various governmental measures for small and medium enterprises are being taken in Japan. As an institution that plays a significant part in this mission, CGCT continues to advance in line with the development of small and medium enterprises.

Recent Topics

1 Measures taken to provide guarantee programs better aligned to customer needs and the economic and business environment

In FY2025, we provided financial access support to SMEs through the following guarantee programs as appropriate, based on their respective needs and the economic and business environment.

Special guarantee program for enhanced monitoring

Application period: Starting March 2026

We have established a new guarantee program designed to support SMEs facing a variety of management challenges, such as rising costs and labor shortages. The program aims to facilitate smoother financing by meeting the funding needs of SMEs seeking to grow, rebuild, or stabilize their businesses. In collaboration with certified business innovation support organizations, the program provides participating SMEs with regular monitoring of their business performance, enabling early detection of signs indicating potential changes in business conditions. Through these business support efforts, the program seeks to strengthen management capabilities and contribute to the improvement of overall business performance and financial health.

2 Management Support Initiatives

In April 2012, CGCT established a dedicated Management Support Department to strengthen management support and support during loan periods for SMEs facing a continued downturn in performance. This department continues to provide integrated financing and management support.

As part of these activities, the Business Succession Support Desk and the Overseas Expansion Support Desk were established in April 2018 to further enhance management support.

CGCT also continues to implement initiatives under its Business Support Promotion Project, a management solutions program utilizing subsidies from the national government and featuring partnerships with outside experts who engage in direct dialogue with SMEs and small business operators. In fiscal 2025, CGCT visited 1,809 companies as part of this project. Of this total, 1,767 companies participated in Coordination Support, after which 966 moved on to Pinpoint Support and 647 advanced to Total Support. As such, a large number of SMEs were able to take advantage of the project, with Follow-up Support being provided to 308 companies.

In addition, under the Tokyo Support Package launched in April 2018, financial institutions, CGCT, and experts provide comprehensive support in the creation of SME management improvement plans. Based on the Expert Dispatch Program offered as part of the Business Support Promotion Project, CGCT and financial institutions collaborate to provide continuous support up to the announcement of business plans, including financial support in Management Support Meetings*.

In fiscal 2025, 57 companies applied to use the package, and 44 Management Support Meetings were held in relation to the Tokyo Support Package.

* The goal of Management Support Meetings is to facilitate rapid improvements to SME management by bringing together and sharing information among SMEs implementing management improvement plans and the financial institutions handling transactions with those SMEs.

3 Support for Entrepreneurs

All of CGCT's branches offer consultations on business startup matters and accept applications for guarantee programs. In addition, our dedicated section for business support, the Management Support Department, offers a variety of support services and provides ongoing assistance from both financial and management perspectives to those planning to start a business or who have newly established one.

Our branch offices offered a full range of consultations for entrepreneurs, from general advice preceding start-up to financial advice when an SME is established to post-start-up management advice. We also dispatched staff to the Tokyo Start-Up Station administered by the Tokyo Metropolitan Small and Medium Enterprise Support Center, collaborating with start-up support institutions to provide support for new business owners and persons planning to start up a business in the future.

The Management Support Department produced a video featuring SME operators who had used start-up guarantees, with the aim of passing on know-how regarding start-ups to entrepreneurs planning to form a company, and worked to foster a spirit of entrepreneurship and to promote understanding of start-up credit guarantee schemes.

4 International activities

CGCT is committed to enhancing international exchanges regarding credit supplementation systems, for example by trading information at conferences and councils with overseas institutions and welcoming visitors to Japan for research and training.

Every year, CGCT and the Korea Credit Guarantee Fund (KODIT) host a Working Level Council, which provides an opportunity for staff involved in business operations to exchange information and opinions through active discussions on relevant topics, including business performance and business plans, as well as the issues facing various departments and countermeasures for resolving those issues.

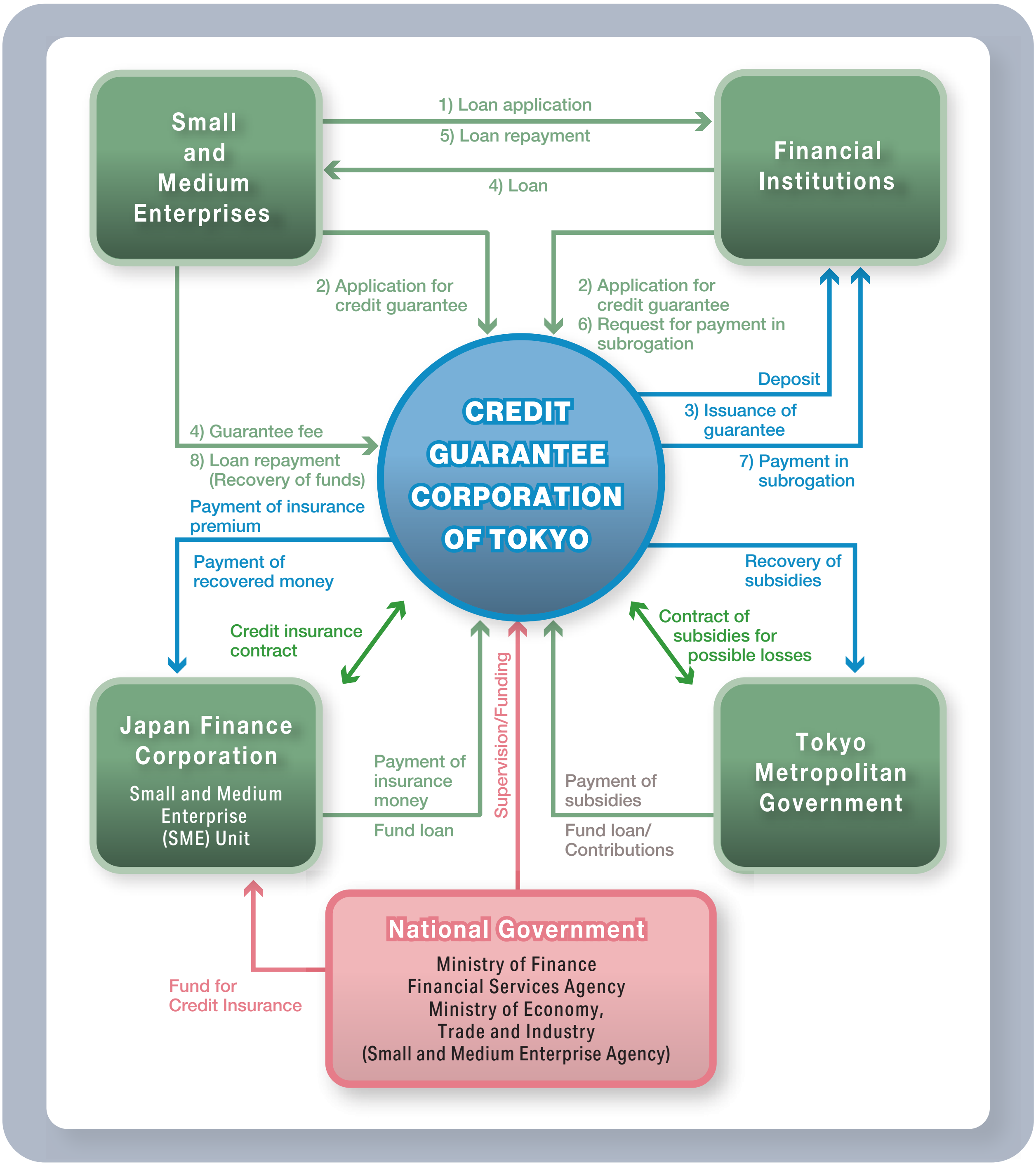
Main international activities in FY2025		
2025	Nov.	37th ACSIC Conference
2025	Nov.	35th Japan/Korea Working Level Council
2025	Dec.	Visit to CGCT by members of the Daegu Credit Guarantee Foundation

Mechanism of the Credit Supplementation System

In order to strengthen the credit guarantee system, which supports the financing and growth of small and medium enterprises, a credit insurance system has been established.

The credit insurance system is a mechanism to cover the risk that a credit guarantee corporation may have to make payment pursuant to a guarantee, using insurance offered by the Japan Finance Corporation, an organization fully funded by the government.

The credit guarantee system and credit insurance system are collectively termed the "credit supplementation system."



The Credit Insurance System (Cooperation between Japan Finance Corporation and CGCT)

Pursuant to a credit insurance contract between the Japan Finance Corporation (hereinafter referred to as "JFC") and CGCT, JFC undertakes to insure the credit guarantees issued by CGCT. CGCT pays credit insurance fees to JFC, from the credit guarantee fees received by CGCT. In the event that CGCT must make a payment in subrogation to a financial institution, JFC will pay to CGCT as insurance proceeds 70% or 80% of the principal amount which CGCT pays in subrogation. In the event CGCT recovers money from a defaulting SME, CGCT will pay to JFC a portion, in the same ratio as the amount received from JFC bears to the principal amount.

Cooperation between Tokyo Metropolitan Government and CGCT

In order to facilitate the financing of SMEs in Tokyo, the Tokyo Metropolitan Government ("TMG") implements various loan programs in cooperation with CGCT and financial institutions in Tokyo. TMG lends funds to CGCT for the purpose of smooth implementation of such loan programs, and CGCT deposits all of such funds in banks.

In addition, pursuant to a contract of assistance for losses, TMG will, in the event CGCT makes guarantee payments under TMG's loan programs, provide to CGCT assistance money covering all or part of such guarantee payments which is not covered by JFC's insurance. CGCT will pay to TMG a portion of any money that CGCT recovers from a defaulting SME, in proportion to the TMG assistance money.

Bank Deposits

The deposits which CGCT makes in financial institutions influence financial institutions to lend positively to SMEs, and at lower interest rates.

Such deposits are derived both from loans from TMG and from funds provided by TMG to CGCT to promote the various TMG loan programs.

CGCT makes such deposits in banks whose loans are guaranteed by CGCT, and distributes the deposits so as to promote proper guarantees, taking into consideration both the quantity of guarantees (outstanding guaranteed liabilities, average of outstanding guaranteed liabilities, and amount of guarantee acceptance or number) and the quality of guarantees (subrogation rate or amount of subrogation).

Eligibility for the Credit Guarantee System

CGCT provides credit guarantees to companies that satisfy certain conditions regarding company scale, business type and company location, as described below.

1 Company Scale

In principle, CGCT can offer credit guarantee services to small and medium enterprises as specified in the Small and Medium Enterprise Credit Insurance Law. SMEs that satisfy either of the limits on the maximum number of full-time employees or the maximum capital listed in the following table qualify for application.

Business Type	Maximum Amount of Capital	Maximum Number of Employees
Manufacturing, etc.	¥300 million	300
Wholesale trade	¥100 million	100
Retail trade	¥50 million	50
Services	¥50 million	100
Health care, etc.	—	300

2 Business Type

The credit guarantee service is available to most types of businesses. Categories that are not eligible for the service include agriculture, forestry, fishery and finance. (Excluding some financial businesses)

When SMEs are engaged in businesses which require a license or registration, they must obtain the relevant license or registration.

3 Company Location

A company seeking credit guarantees must operate business facilities in Tokyo, either from a Tokyo head office or from another business facility. In case of individually owned and operated businesses, the owner must live in Tokyo or operate the business in Tokyo.

In the case of special financial programs offered by the government, companies must also meet any conditions established by the government.

Maximum Term and Amount of Guarantees

In principle, the guarantee ceiling for a company is 200 million yen for a general guarantee and 80 mi l l ion yen for an unsecured guarantee, bringing the total to 280 million yen. As noted in the table, the maximum term and amount of guarantee are prescribed by the type of guarantee, and the conditions of the guarantee are set within a prescribed range. Special conditions are available for companies that have been approved by the national or local government.

Type of Guarantee	Use of Funds	Maximum Term	Maximum Amount
Individual guarantee	Operations, Equipmaent	10 years	¥280 million
Revolving guarantee	Operations	2 years	
Revolving guarantee for overdrafts	Operations, Equipment	2 years	

Responsibility-Sharing System

For the purpose of providing more suitable financial and management support for all SMEs, in October 2007 CGCT introduced a Responsibility-Sharing System to more closely coordinate services and responsibilities between CGCT and financial institutions. Whereas in principle CGCT used to guarantee 100% of a loan, after the implementation, financial institutions must bear a fixed portion (about 20%) of the burden (except for some guarantee programs).

Credit Guarantee Fee

Credit guarantee fees are calculated based on the loan amount, the applicable credit guarantee fee rate, the term of the loan and the method of payment. As indicated in the table below, the main credit guarantee fee rate is basically linked to each company's business situation and is divided into nine levels*1. The applicable rate classification for each borrower is determined utilizing the SME Credit Risk Database (CRD) *2.

Main credit guarantee fee rate (annual rate %)									
Classification	1	2	3	4	5	6	7	8	9
Credit guarantee fee rate	1.90	1.75	1.55	1.35	1.15	1.00	0.80	0.60	0.45
Credit guarantee fee rate except Responsibility-Sharing System	2.20	2.00	1.80	1.60	1.35	1.10	0.90	0.70	0.50

*1. CGCT has some guarantee programs that apply a single fixed credit guarantee fee rate.
*2. CRD, which was established to facilitate the financing of SMEs, is the largest database regarding SMEs in Japan.

Use of Credit Guarantee Services

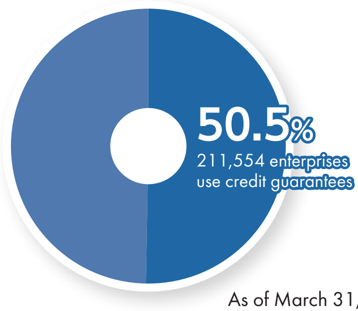
(Due to rounding up, totals may not match the sum of individual items.)

1 About 51% of small and medium enterprises in Tokyo use the service

ICGCT currently serves around 50.5% of the small and medium enterprises operating in the Tokyo Metropolitan area; that is, 211,554 out of 419,013* businesses.

*Figure taken from the "2026 White Paper on Small and Medium Enterprises in Japan," compiled by the Small and Medium Enterprise Agency. This figure excludes the fields of agriculture, forestry and fishery, which are not eligible for credit guarantee services.

Credit guarantee utilization rate (in Tokyo Metropolitan area)



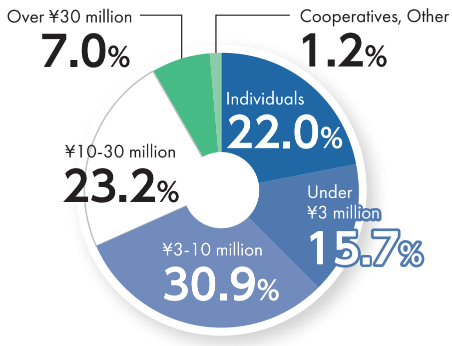
As of March 31, 2026

2 About 69% of our clients are companies with capital under 10 million yen or individuals

As of March 31, 2026

Client category	Number of users	Percent of all users
Individuals	46,552	22.0
Capital of under ¥3 million	33,228	15.7
Capital of ¥3 – 10 million	65,272	30.9
Capital of ¥10 – 30 million	49,097	23.2
Capital of over ¥30 million	14,876	7.0
Cooperatives, Other	2,529	1.2
Total	211,554	100.0

Client breakdown, by type/capital size

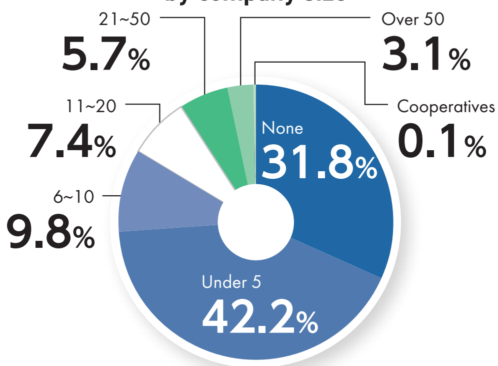


3 About 74% of our clients are companies with fewer than five employees

As of March 31, 2026

Number of employees	Number of users	Percent of all users
None	67,225	31.8
Under 5	89,225	42.2
6~10	20,816	9.8
11~20	15,553	7.4
21~50	11,992	5.7
Over 50	6,601	3.1
Cooperatives	142	0.1
Total	211,554	100.0

Use of guarantees, by company size

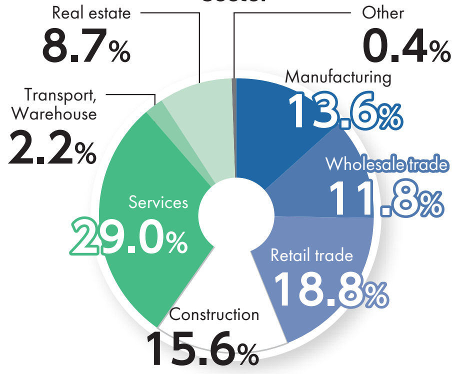


4 A broad range of business types use credit guarantees

As of March 31, 2026

Business type	Number of users	Percent of all users
Manufacturing	28,736	13.6
Wholesale trade	24,883	11.8
Retail trade	39,729	18.8
Construction	33,041	15.6
Services	61,430	29.0
Transport, Warehouse	4,604	2.2
Real estate	18,355	8.7
Other	776	0.4
Total	211,554	100.0

Use of guarantees, by sector



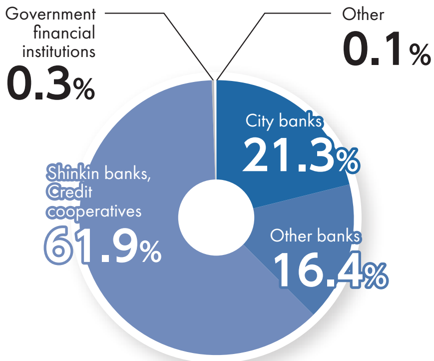
5 Use of credit guarantees by different types of financial institutions

As of March 31, 2026

Lender type	Balance of outstanding guaranteed liabilities (¥million)	Percent of total value
City banks*	1,001,526	21.3
Other banks	772,385	16.4
Shinkin banks, Credit cooperatives	2,912,568	61.9
Government financial institutions	13,889	0.3
Other	2,671	0.1
Total	4,703,039	100.0

*Mizuho Bank, Ltd., MUFG Bank, Ltd., Sumitomo Mitsui Banking Corp., Resona Bank, Ltd., Saitama Resona Bank, Ltd.

Use of guarantees, by type of financial institution

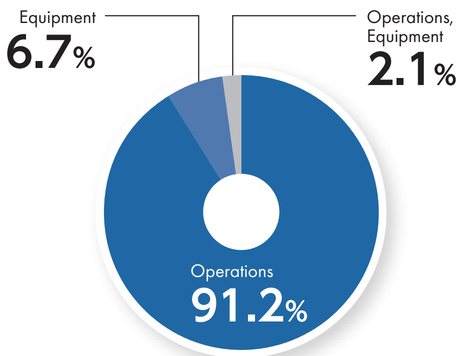


6 About 91% of guarantee acceptances are for operating funds

Issued in FY2025

Use of funds	Amount of guarantee acceptances (¥million)	Percent of total value
Operations	990,272	91.2
Equipment	72,492	6.7
Operations, Equipment	22,916	2.1
Total	1,085,680	100.0

Purpose of use of credit guarantees



Business Performance

The following shows details of CGCT's business performance over the last three years. CGCT's fiscal year commences on April 1 and ends on the following March 31.

(Due to rounding up, totals may not match the sum of individual items.)

Balance Sheet

Unit: ¥ million; as at fiscal year-end

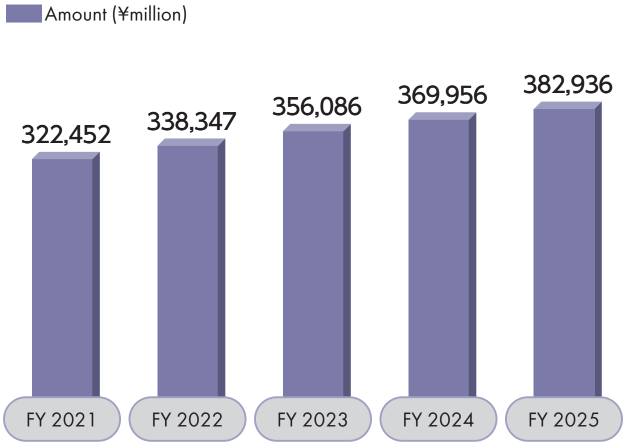
	Item	FY2023	FY2024	FY2025
Debits	Cash and deposits	425,464	428,775	364,701
	Securities	501,846	501,005	501,062
	Movables and real estate	7,338	7,356	7,384
	Offset account for guaranteed liabilities	5,624,839	5,107,637	4,703,039
	Indemnity rights	35,633	41,599	42,087
	Miscellaneous accounts	11,313	10,722	10,482
	Total	6,606,434	6,097,094	5,628,755
Credits	Fundamental assets	356,086	369,956	382,936
	Fund for promoting credit guarantee system reform	0	0	0
	Reserve for account balance fluctuation	177,952	184,952	191,452
	Liability reserves for guarantee payments	37,540	34,736	32,874
	Reserves for amortization of indemnity rights	15,263	18,424	21,116
	Retirement allowance	7,164	7,140	7,253
	Guaranteed liabilities	5,624,839	5,107,637	4,703,039
	Subsidies for indemnity rights	48	39	29
	Loans	230,065	239,485	172,405
	Miscellaneous accounts	157,475	134,726	117,652
	Total	6,606,434	6,097,094	5,628,755

Statement of Receipts and Disbursements

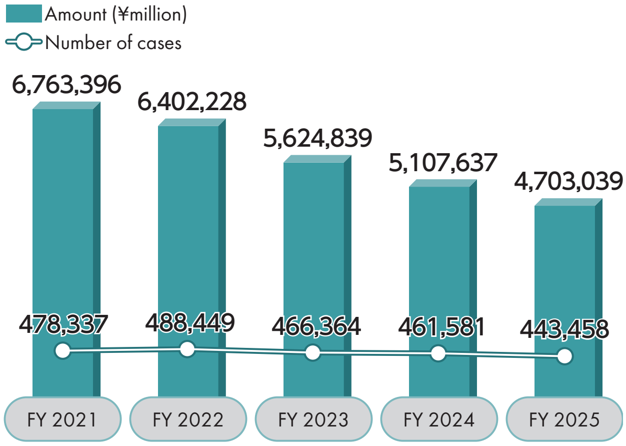
Unit: ¥ million; as at fiscal year-end

	Item	FY2023	FY2024	FY2025
Incomes	Credit Guarantee fees	55,044	49,821	45,607
	Deposit interest	346	459	983
	Interest and dividends on securities	3,423	3,655	4,394
	Interest for indemnity rights; Other	2,929	4,444	5,782
	Total	61,742	58,380	56,765
Payments	Business costs	12,101	12,137	12,479
	Interest on borrowed money	0	0	0
	Credit insurance premiums	25,564	22,928	21,395
	Responsibility-Sharing Contributions	0	0	729
	Other	101	27	28
	Total	37,767	35,091	34,631
Balance of current accounts		23,975	23,289	22,135
Balance of non-recurring accounts		2,563	−2,419	−2,654
Disposition of fund for promoting credit guarantee system reform		0	0	0
Disposition of reserve for account balance fluctuation		0	0	0
Balance of income and payment for this term		26,538	20,870	19,480

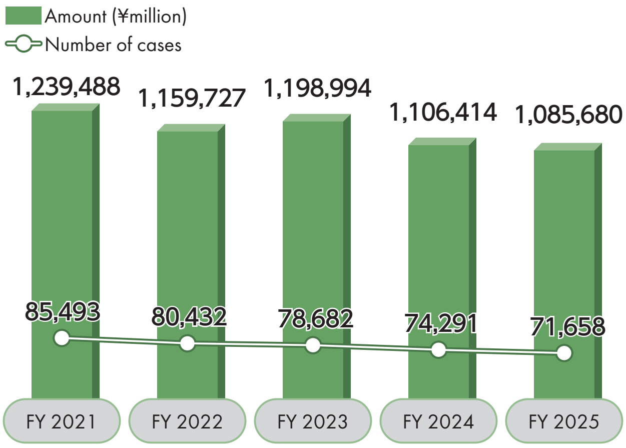
Statistics



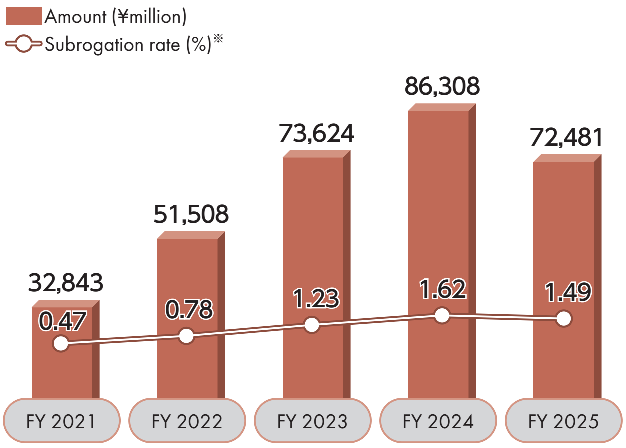
Fundamental Assets



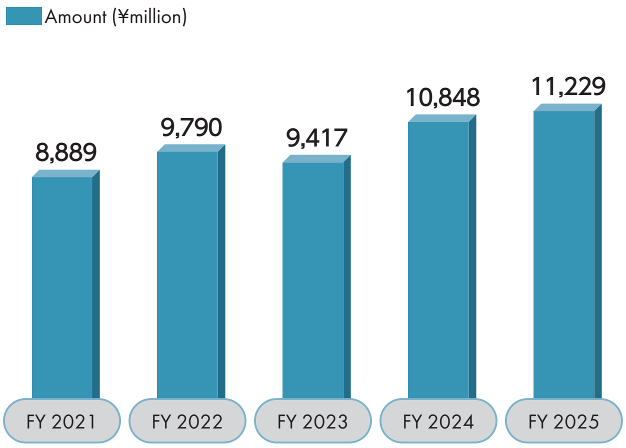
Outstanding Guaranteed Liabilities



Guarantee Acceptances



Subrogation Paid

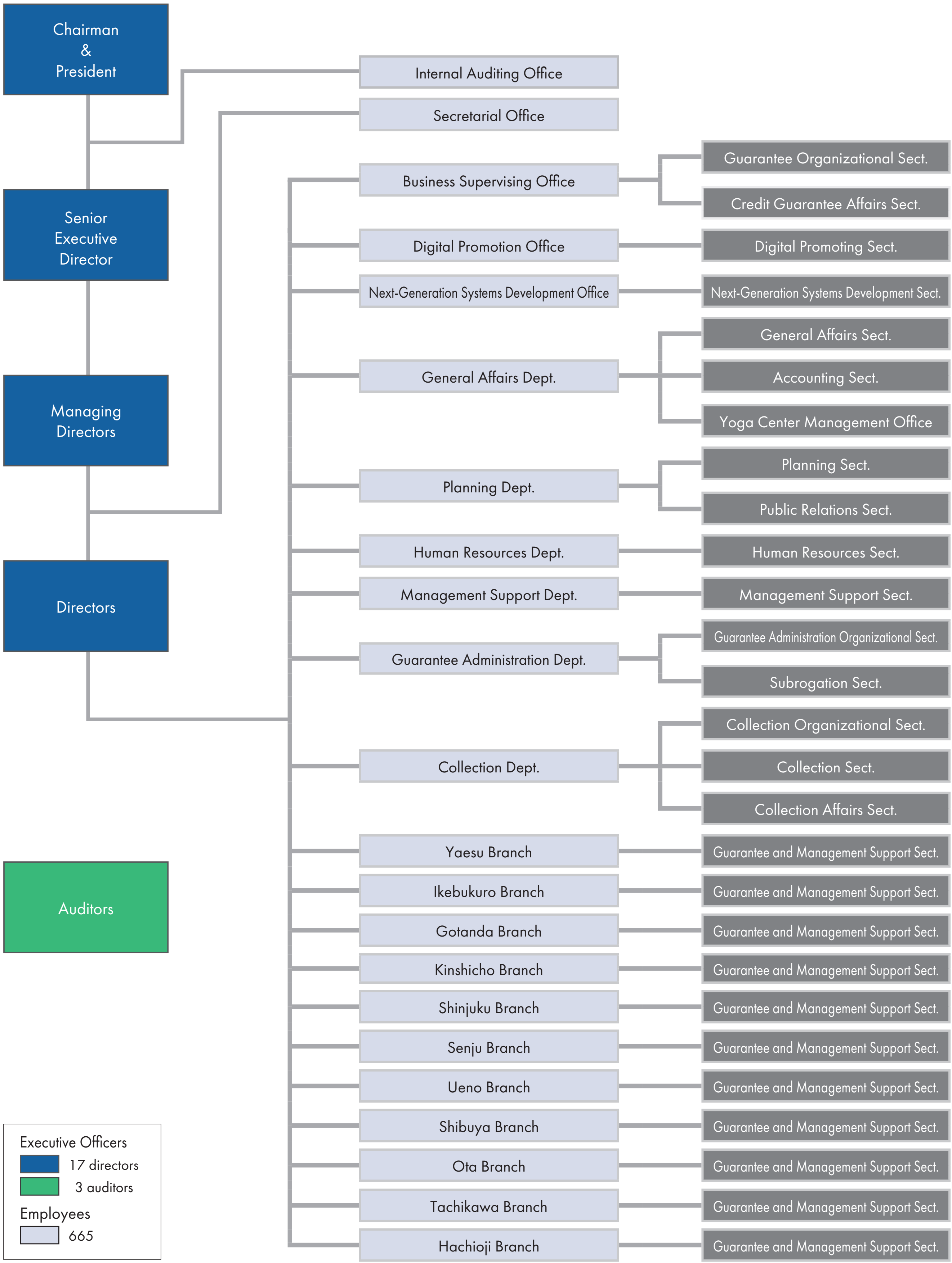


Recoveries

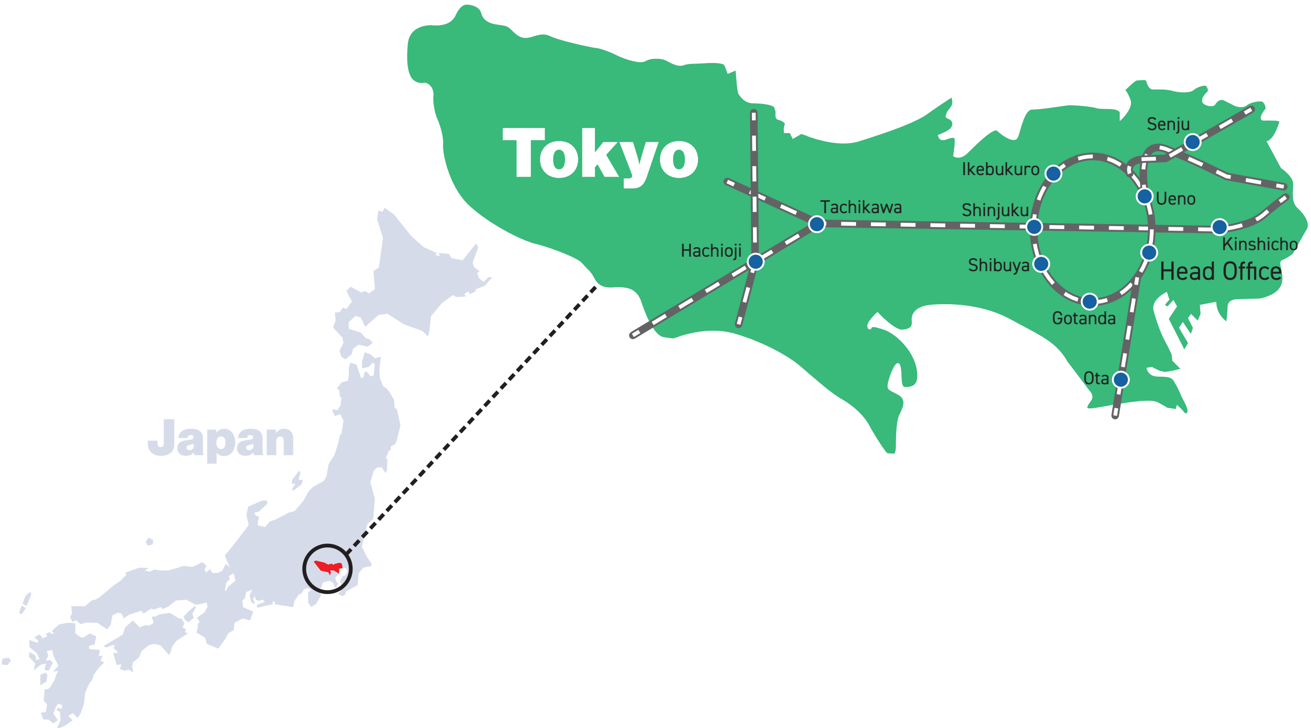
※Subrogation rate equals aggregate amount of guarantee payments divided by the average monthly outstanding guaranteed liabilities in a given year.

Organization Chart

(As of April, 2026)



Office Locations



Yaesu Branch (In the Head Office)
GINZA-6 CHOME-SQUARE BLDG.,
6-17-1 GINZA, CHUO-KU, TOKYO 104-0061, JAPAN
Phone: 81-3-6264-1830 Fax: 81-3-3545-3100

Ikebukuro Branch
Nissay Ikebukuro Bldg., 1-24-1 Higashiikebukuro,
Toshima-ku, Tokyo 170-0013
Phone: 81-3-3987-5445 Fax: 81-3-3987-7523

Gotanda Branch
Higashi Gotanda Square Bldg., 2-10-2
Higashigotanda,
Shinagawa-ku, Tokyo 141-0022
Phone: 81-3-5447-8250 Fax: 81-3-3443-1130

Kinshicho Branch
Arca Central Bldg., 1-2-1 Kinshi,
Sumida-ku, Tokyo 130-0013
Phone: 81-3-5608-2011 Fax: 81-3-5608-2320

Shinjuku Branch
Shinjuku Island Wing Bldg., 6-3-1 Nishishinjuku,
Shinjuku-ku, Tokyo 160-0023
Phone: 81-3-3344-2251 Fax: 81-3-3344-2390

Senju Branch
Sumitomo Seimei Kitasenju Bldg., 40-10
Senjunakacho,
Adachi-ku, Tokyo 120-0036
Phone: 81-3-3888-7231 Fax: 81-3-3888-7293

Ueno Branch
Matai Bldg., 2-6-7 Motoasakusa,
Taito-ku, Tokyo 111-0041
Phone: 81-3-3847-3171 Fax: 81-3-3847-3191

Shibuya Branch
Shibuya Shinminamiguchi Bldg., 3-28-13 Shibuya,
Shibuya-ku, Tokyo 150-0002
Phone: 81-3-5468-0135 Fax: 81-3-5468-1037

Ota Branch
Jonan Small Business Promotion Center, 1-20-20
Minamikamata,
Ota-ku, Tokyo 144-0035
Phone: 81-3-5710-3610 Fax: 81-3-5710-3091

Tachikawa Branch
Core City Tachikawa Bldg., 2-37-7 Akebonocho,
Tachikawa-shi, Tokyo 190-0012
Phone: 81-42-525-6621 Fax: 81-42-525-8712

Hachioji Branch
Hachioji First Square Bldg., 3-20-6 Myojincho,
Hachioji-shi, Tokyo 192-0046
Phone: 81-42-646-2511 Fax: 81-42-646-1970

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Phone: 81-3-6264-1695
Website: https://www.cgc-tokyo.or.jp

We are "Marugamo Oentai," CGCT's mascot.

TOKYO GUARANTEE