



Tadashi Ezaki  
President

The Shoko Chukin Bank is the only Japanese government-affiliated financial institution dedicated to small and medium-sized enterprises (SMEs). Since its establishment in 1936, it has made every possible effort, as an integrated financial institution, to facilitate financing for SMEs. The Bank's role has expanded in step with changes in the economic and social environment, and it has grown into a financial institution capable of providing comprehensive financial services in meeting the various needs of SMEs through a unique network comprised of the Bank and cooperatives. Shoko Chukin's suc-

cess and achievements would not have been possible without the ongoing support of cooperatives and their members.

In fiscal year 2000, the Japanese economy continued to follow a business-led recovery trend. However, consumer spending remained generally flat, and the stock market stagnated. As a result, the overall recovery lacked energy, and the pace of improvement was only gradual.

The degree to which the recovery affected our customer base, the SME sector, varied from industry to industry. Until the autumn of 2000, economic conditions improved steadily, especially

in the manufacturing sector. However, retail prices continued to fall, and by the end of year, the manufacturing sector was also hit by an export slowdown, leading to rapid production cutbacks across an expanding range of industries. Under these circumstances, uncertainty about the economic outlook for SMEs is increasing.

Over 99% of all Japanese companies are in the SME category. Therefore, dynamic activity and growth in the SME sector are crucial to the revitalization of the economy. The adaptability and flexibility of SMEs, their dynamic activities, their positive response to the IT revolution, and their willingness to renovate their approach to business are all vital to the establishment of a solid growth base for the Japanese economy in the 21st century.

The policy role of the Shoko Chukin Bank as a membership-based, government-affiliated financial institution is more important than ever in this sluggish economic environment. We work to facilitate financing for SMEs by supporting the formation of organizations, by providing a safety net and by supporting venture businesses and management reform. As in fiscal 1998 and 1999, we received an additional government subscription of ¥16.1 billion in fiscal year 2000. This helped us to strengthen our commitment to the provision of special loans based on government policy and to respond to the expectations of SMEs.

As the only government-affiliated financial institution in Japan that engages in overseas correspondent banking activities, the Shoko Chukin

Bank works to enhance and expand the services that it provides to support the internationalization of SMEs. Through its New York Branch and representative offices in London and Hong Kong, the Bank responds to the needs of SMEs that are working to diversify and enhance their business activities through overseas expansion. The Bank also assigns staff to partner financial institutions and other organizations, supports the Kaigai Chukin-Kai chambers and arranges other activities to facilitate our customers' management of overseas subsidiaries, especially in Asia.

The Shoko Chukin Bank will continue to take full advantage of its characteristics as a membership-based government financial institution specializing in services for SMEs. The Bank's management and staff are determined to earn the continuing trust, confidence, support and patronage of its customers through services and activities that reflect Shoko Chukin Bank's superior capabilities. The Bank looks forward to your ongoing support and encouragement over the years to come.



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Tadashi Ezaki, *President*