

Actively Contributing to SMEs' Growth and Development

The Shoko Chukin Bank—the Central Cooperative Bank for Commerce and Industry—was established during the great global depression of the 1930s as a financial institution specializing in support for SMEs. The development of SME organizations was being promoted as a way of helping smaller businesses to overcome severe management and financial problems, and the mission of the Shoko Chukin Bank was to support this process from a financial perspective. Since that time, the Shoko Chukin Bank has worked in close partnership with SMEs and provided them with financial support.

The environment in Japan is being transformed by a variety of processes, including economic maturation and globalization, as well as advances in information technology of the information and telecommunications sector. In the financial sector, the system reform process known as the “Japanese Big Bang” has led to restructuring, including mergers and integration among major private-sector financial institutions, and to escalating competition across the business format barriers that traditionally separated different types of financial institutions. The unprecedented magnitude of these changes has had a significant impact on SMEs.

As a government-affiliated financial institution, the Shoko Chukin Bank is working to meet the wide-ranging needs of SMEs in this new environment by providing reliable financial services through a unique network made up of the Bank and its associated cooperatives. We will continue to work in these areas to meet the expectations of SMEs. SMEs are crucial to the dynamism of the Japanese economy. In line with Japanese government policy, the aim of which is to foster and develop a wide range of dynamic businesses,

the Shoko Chukin Bank will continue to contribute to the growth of prosperity of the SME community.

Specifically, we offer organizational support functions in the form of financial support for the development of SME cooperatives and cooperative efforts to improve business activities. We also encourage the development of a wide range of dynamic business activities through our support functions for venture businesses and business innovation. Our safety net functions are designed to support SMEs affected by changes in their business environment. In fiscal 2001 we made sustained progress in all of these areas under our 11th Long-Term Business Plan (FY2001-2003).

Basic Direction of Management Policy

Under this long-term management plan, The Shoko Chukin Bank will further clarify its basic direction as a government-affiliated financial institution specializing in SME finance. The Bank's management strategy under this plan can be summed up as follows.

1. The Shoko Chukin Bank will contribute to the growth and development of SMEs by providing policy-linked finance based on original concepts that exploit the Bank's characteristics as a government-affiliated financial institution.
2. The Shoko Chukin Bank will work to improve its business structure by enhancing its earning power and ensuring the soundness of its assets through improved risk management.
3. The directors and employees of the Shoko Chukin Bank will approach their day-to-day tasks with a renewed awareness of the Bank's mission as a government-affiliated financial institution specializing in SMEs.