

# Management Policy

## Basic Direction of Management Policy

As a government-affiliated financial institution to specialize in the support of SMEs, the Shoko Chukin Bank is committed to the basic direction clarified below and promotes management activities accordingly.

1. The Shoko Chukin Bank will utilize its strength as a government-affiliated financial institution to provide original, policy-driven financial services to SMEs and thereby contribute to their growth and development.
2. The Shoko Chukin Bank will improve its business structure by strengthening risk management to enhance profitability and ensure the soundness of its assets.
3. The management and employees of the Shoko Chukin Bank will perform their daily tasks with an awareness of the Bank's mission as a government-affiliated financial institution specializing in SMEs.

## Business Operation Policies in Fiscal Year 2003

### Management Policies

Our customers and other SMEs are in an increasingly difficult business climate, and they hold high expectations for the Shoko Chukin Bank. Deliberations in Council on Economic and Fiscal Policy have indicated that public financing is to be used for safety net purposes and corporate regeneration to facilitate financing for SMEs over the coming two year period in which major banks and other institutions will be focused on processing non-performing loans.

Based on a thorough understanding of this situation, the Shoko Chukin Bank will exercise its comprehensive financial capabilities to help SMEs increase their corporate value, putting maximum effort into performing its traditional public role. The Bank will emphasize the following six key initiatives in fiscal 2003.

### Six Key Initiatives

1. While performing its role as a safety net, the Bank will implement necessary policies, actively and swiftly respond to needs of the members and perform the functions required of it as a public financial institution, all in support of the three stages of challenges faced by SME –**start-up, innovation and revitalization.**
2. The Bank will strengthen initiatives in the area of new financing techniques such as expanded lending in cooperation with regional financial institutions and market indirect financing with syndicated loans and collateralized loan obligations.
3. The Bank will set more appropriate lending conditions, such as interest rate setting that reflects the level of credit risk.
4. The Bank will prevent the occurrence of non-performing loans, bolster management efficiency, and provide a wider array of services to customers in an effort to improve financial health and minimize financing costs.
5. The Bank will maintain or expand its low cost and efficient fund raising base in order to continue to provide solid funding
6. The Bank will ensure accountability for the effectiveness and efficiency of its operations.

## Operating Plan

(Units: Billion yen)

	Fiscal 2002 Plan	Fiscal 2002 Actual	Fiscal 2003 Plan
Long-term Loans	18,500	18,694	18,500
Short-term Loans	100,000	102,349	97,500
Fiscal investment and loans	100	100	100

Notes: 1. If our customers' demands for funding exceed this lending plan, we will provide loans in excess of this plan.  
2. The Bank plans to raise all funds required for lending in excess of the amount of fiscal investment and loans.