

Background of establishment and recent history — Established to support SMEs amidst the turmoil of the early Showa period. Shifted to

Background of establishment

In the early Showa period, repeated depressions worsened the business of SMEs. Small and medium-sized banks were liquidated, and many SMEs were in crisis because they did not have sufficient funds to finance their operations. Against this backdrop, the Shoko Chukin Bank was established in 1936. Immediately after its establishment, the Shoko Chukin Bank offered long-term, unsecured loans, which were difficult for ordinary banks to provide. In response to the expectations of public opinion, the Shoko Chukin Bank demonstrated its financial function to save SMEs from their plight.

Since then, even in the face of various changes, we have been a financial institution that stands with, and for the benefit of our customers.



Characteristics of the Shoko Chukin Bank

The characteristics of the Shoko Chukin Bank have been shaped over the past 85 years since we began our history as a jointly owned financial institution.

We are a unique financial institution that takes advantage of these characteristics to create not only economic value, but also social value and the happiness of workers from a long-term perspective, working together with our customers.

We will continue to be a partner that responds to the needs of our customers and creates security and prosperity.

Customers

Focusing on transactions with financial institutions that understand the business and management environment and can support customers over the long term

The Shoko Chukin Bank's characteristics match the needs of our customers



Unique and unparalleled financial institution



Nationwide expansion

Loan portfolio that is resilient to changes in the environment

- Diversified regions, industries, and loan sizes



Shareholder composition

Management structure not affected by the market

- Unlisted, limited shareholder qualifications



Business prospects evaluation

Contribution to the enhancement of corporate value through the resolution of customers' management issues

- Support for financial restructuring, management improvement, and investment for growth
- Cooperation with regional financial institutions
- Provision of solutions using nationwide and overseas networks
- Performance of safety net function

a joint-stock company and 14 years on

Recent history

October 2008	Transitioned from a jointly owned financial institution to a joint-stock corporation and started as The Shoko Chukin Bank, Ltd.
March 2011	The Great East Japan Earthquake occurred, and the Tohoku Pacific Earthquake Task Force was established *Renamed to the Great East Japan Earthquake Task Force on May 13, 2011
May 2015	Revision of the Shoko Chukin Bank Limited Act (The government will, for the time being, hold the shares as necessary to ensure adequate implementation of crisis response measures while maintaining the policy for complete privatization.)
April 2016	The 2016 Kumamoto Earthquake occurred, and the Kumamoto Earthquake Task Force was established
October 2016	Inappropriate procedures for lending in crisis response operations discovered
May 2018	Submission of the operation improvement plan related to business models, etc.
June 2018	Restructured organizations at Headquarters
October 2018	The Shoko Chukin Bank Management Reform Plan (previous Medium-term Business Plan) released
January 2020	Management Consultation Desk Concerning Covid-19 established *Name changed to Special Consultation Desk Concerning Covid-19 on March 19, 2020
May 2022	New Medium-term Business Plan announced

Complete privatization of the Shoko Chukin Bank

Overview of the Shoko Chukin Bank Limited Act

Objective of the Shoko Chukin Bank

Objective of the Shoko Chukin Bank, Ltd. is to conduct businesses necessary to facilitate smooth financing for SME cooperatives, other organizations that primarily consist of SMEs and their members, while ensuring the Bank's autonomy in management toward its goal of complete privatization.

Policies on government-owned shares

- It has been stipulated that the government shall dispose all of its shares in the Shoko Chukin Bank at an earliest possible date, accelerating the announced specific disposal schedule, with due consideration to the impact of such disposal on the Shoko Chukin Bank's achievement of the objectives, along with market trends.
- On the other hand, when the government disposes of all shares held by the government, the government shall immediately take measures to repeal this act, and shall also take measures to limit shareholder qualifications and other necessary measures to ensure that the financial functions of the Shoko Chukin Bank, Ltd. for SME cooperatives and other organizations whose members are SMEs, and their members, are maintained.
- It has also been stipulated that the government will, for the time being, hold the necessary shares in the Shoko Chukin Bank for adequately carrying out the crisis response measures in consideration of the factors including the status of commercial banks responsible for implementing crisis response measures, contribution to the crisis response reserve, implementation status of the crisis response measures by the Shoko Chukin Bank, financial base of the Shoko Chukin Bank, funding surplus of SMEs and changes in the socio-economic environment.

Business

Alongside becoming a joint stock company in 2008, the Bank enhanced its full banking services, which include loans, deposits, currency exchange and guarantees. In addition, under the revised act enacted in May 2015, the measures to adequately implement the crisis response measures have been adopted.

Measures to maintain the core of the Shoko Chukin Bank's SME financing functions

- Borrowers are primarily limited to SME member companies (cooperatives and their members).
- The Bank will continue to issue bank debentures.
- SME cooperatives will continue to conduct business as a proxy for the Shoko Chukin Bank.

Measures to adequately implement the crisis response measures

- The Shoko Chukin Bank, for the time being, carries responsibility for implementing crisis response measures, to fulfill its objectives.
- In the period to come, the government shall review as appropriate the strategic position of the crisis response measures, along with its involvement in the Shoko Chukin Bank, and take measures as necessary.

Ensuring an appropriate competitive relationship

- The Shoko Chukin Bank is especially required, for the time being, not to disturb its appropriate competitive relationship with other operators.