

# History of the Shoko Chukin Bank

The Shoko Chukin Bank was established in 1936 under the Shoko Chukin Bank Act as the only policy-based financial institution jointly owned by the government and SME cooperatives, and has developed for more than 85 years since then as a specialized financial institution for SMEs.

The Act, which initially had a fixed term of existence, was recognized for its role in promoting the organization of SMEs and facilitating SME financing, and in 1985, the Act was revised to remove the fixed term of existence and make the organization permanent.

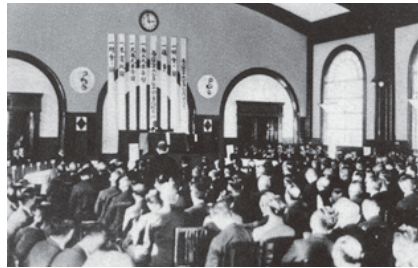
**Established as a specialized financial institution for SMEs  
Supported Japan's economic growth**

**Expanded operations with  
the growth of SMEs Supported  
financial stability of SMEs**

## 1936

### 1936

- ▶ The Shoko Chukin Bank Act was enforced; six branch offices were established and began operations



The head office of the Industrial Bank of Japan, of which the Bank had been a tenant at the time of its founding (1936)

### 1951

- ▶ Started business with association members

### 1952

- ▶ Completed establishing branches in all prefectures of Japan

### 1955

- ▶ Actively supported capital investment to support Japan's rapid economic growth
- ▶ Supported structural improvement, collaboration, and cooperation in the industry
- ▶ Promptly provided financing for disaster recovery for earthquakes, windstorms, floods, etc.



## 1985

### 1985

- ▶ The Shoko Chukin Bank Act was revised, and the Bank was made permanent



### 1997

- ▶ Financial environment drastically changed after the collapse of the bubble economy; established the Special SME Consultation Desk that enabled the Bank to demonstrate its safety net function

### 2001 onwards

- ▶ Expanded revitalization support programs
  - 2001 Started handling DIP (debtor in possession) finance (DIP loans to support business revitalization)
  - 2004 Executed first DDS (debt-debt swaps)
  - 2006 Started handling DES (debt equity swaps) with redemption conditions

### 2006

- ▶ Established the Business Solutions Company (BSC) to meet the needs of increasingly diverse and sophisticated SMEs

## Major economic and social trends

- 1945 End of the Pacific War
- 1973 First oil crisis
- 1978 Second oil crisis

- 1985 Plaza Accord
- 1989 Introduced 3% consumption tax
- 1995 The Great Hanshin-Awaji Earthquake occurred
- 1997 Hokkaido Takushoku Bank bankruptcy; consumption tax raised to 5%



In 2008, the Shoko Chukin Bank became a special company from a cooperative financial institution under the Shoko Chukin Bank Limited Act (hereinafter, the “Shoko Chukin Bank Act”), while maintaining its purpose and function of facilitating financing to SME organizations and their members.

In 2016, a misconduct was uncovered in our crisis response operations, and since 2018, we have reformed our business model and other aspects of our operations under the Shoko Chukin Bank Management Reform Plan.

In 2023, the Shoko Chukin Bank Act was revised to further clarify its positioning as a financial institution by SMEs for SMEs, and to improve the quality of its services.

## Demonstrated safety net function Supported the growth of SMEs

### 2008

#### 2008

- ▶ The Shoko Chukin Bank Limited Act was enforced, and the Bank transitioned to a joint stock company form.



Opening ceremony (2008)

- ▶ Started crisis response measures as a legally designated financial institution, and since then has conducted response to the economic and financial crisis after the bankruptcy of Lehman Brothers, and response to reconstruction and recovery from the Great East Japan Earthquake and to the appreciation of the yen and deflation

- 2010 ▶ Established a comprehensive support program for growth strategies

#### 2012

- ▶ Opened Bangkok Representative Office  
Expanded the overseas network to support overseas expansion of SMEs

#### 2016

- ▶ Misconduct was uncovered in crisis response operations

2008 Bankruptcy of Lehman Brothers in the U.S.  
2011 The Great East Japan Earthquake occurred  
2014 Consumption tax raised to 8%

## Contributed to the improvement of corporate value of SMEs

### 2018

#### 2018

- ▶ Submission of the operation improvement plan related to business models, etc.
- ▶ Announced the Shoko Chukin Bank Management Reform Plan, and implemented it through fiscal 2021

#### 2020

- ▶ Started crisis response measures related to COVID-19

#### 2022

- ▶ Established our corporate philosophy: Purpose and Mission
- ▶ Announced the Medium-Term Business Plan (fiscal 2022 - fiscal 2024)

#### 2023

- ▶ The Shoko Chukin Bank Limited Act revised, and a policy for the disposal of government-owned shares was decided
- ▶ Articles of Incorporation partially revised to stipulate corporate philosophy in the Articles of Incorporation

- ▶ ... Initiatives for customer support

2019 Consumption tax raised to 10%  
2020 Spread of COVID-19  
2022 Conflict in Ukraine