

Messages from External Directors



Kazutaka Okubo
External Director

Boosting the transformation into a Bank that supports SMEs through numerous discussions held from the customer's standpoint with an eye to the medium to long term

With the industrial structure undergoing drastic changes and the impact on middle-market enterprises and SMEs becoming even greater, we must work to transform our business. The degree of value that the Bank can provide to our customers is more important than ever. It will be difficult to discover solutions without thinking outside the box. We need to identify management issues and find solutions together with our customers. Gaining a broader understanding of our customers' business environments to provide support that looks half a step or one step ahead represents the Purpose we are striving for and the implementation of our Mission.

In the intensive discussions held twice a year, started in the previous fiscal year, we thoroughly discuss the management issues faced on a daily basis from a medium- to long-



Fujiyo Ishiguro
External Director

Supporting the growth of SMEs as a partner that is resilient to change

The Shoko Chukin Bank was established in 1936 to help SMEs in the midst of the Great Depression. The Bank supported SMEs, which played a central role in manufacturing and created employment in Japan, which was striving to recover after the war. After that, and through Japan's period of high economic growth to the present day, the Bank has continued to support the Japanese economy, characterized by the outstanding production value and job creation of SMEs. These values are connected to the current Mission, which states that we will continue to think together, create together, and change together, as a partner in creating security and prosperity. Moreover, the Purpose of making Japan more resilient to change means that in order to support the future of customers, we must change ourselves as well as encourage our customers to change.



Junko Kogayu
External Director, Audit &
Supervisory Committee Member

Maximizing the ability to connect to achieve further growth with stakeholders

The Shoko Chukin Bank's strength lies in its ability to make connections. Specifically, I think these strengths are the following three areas: the Youth Association of Shoko Chukin Bank, the Shoko Chukin Biz Link, and overseas offices.

The Youth Association of Shoko Chukin Bank is a study group for young managers across Japan, and serves as a great opportunity to create new businesses. The Shoko Chukin Biz Link is a DX tool that allows customers to quickly receive effective services anytime and anywhere through a portal site, and helps improve the management efficiency of SMEs, our customers. And finally, overseas offices form the Shoko Chukin Bank's overseas network that connects Japanese SMEs' technologies, know-how, and contents with the rest of the world, and can help SMEs to grow many times over.



term perspective. We discuss what measures to take, what we can provide to our customers, and the role that we should play from various positions and perspectives, while considering factors such as how the industrial structure surrounding SMEs will change and how this will affect them. Meanwhile, in order to resolve medium- to long-term management issues, the necessity of and determination to fundamentally overhaul management measures will come into play. Intensive discussions also stimulate discussions at regular Board of Directors meetings. Based on my experience of facing management issues and other challenges as an external director in other industries, I try to encourage discussions while keeping the perspectives of customers in mind.

In the previous fiscal year, I visited several branches and talked with employees. The employees were highly motivated, leaving me with the impression that the organizational culture of thinking from the customer's point of view has taken root. In order to put the Purpose into practice, each employee needs to get into the habit of looking at the bigger picture, such as the shape of Japanese industry and the industry in the regions. It may be necessary to carry out support measures that go beyond conventional boundaries, such as anticipating changes and sometimes collaborating across regions.

Initiatives that align with discussions at Board of Directors meetings and measures carried out in the field will lead to the realization of the Purpose, which will in turn increase the corporate value of the Bank over the medium to long term. I believe that the role of the Board of Directors is to support such changes.

Achieving our Purpose will be no easy feat. I myself have been appointed as a member of many government committees, but I remember that one of the most difficult committees was one that promotes support for SMEs. This is because while large companies have numerous assets, such as abundant financial resources, human resources, and technology seeds cultivated through R&D activities, SMEs often lack the assets needed for growth. How to support SMEs that prop up the Japanese economy posed a very big challenge for the government. This situation still continues to this day.

What is most important to a company is not its assets, but the desire for change. All of the companies that drive the U.S. economy are emerging IT companies, or in other words, the companies that are driving change. The motivation to keep changing is also crucial for existing companies. We want to support this change. To enable customers to grow into a company that is resilient to change, we plan to be a partner that is resilient to change ourselves, and offer support from the provision of funds for growth, recruitment and development of human resources, and matching of new technologies, through to the formulation of strategies for new business models.

In order to utilize these strengths to realize our Purpose and Mission, the officers and employees of the Shoko Chukin Bank first need to change. I also think constant learning is key to achieving change. As an initiative to support learning, in-house university "Hitozukuri College" was opened in April 2023. I have been teaching internal control and auditing practice at the Tohoku University Accounting School for 15 years, during which time I have received a lot of stimulating questions from students. This has enabled me, the professor, to also learn a lot and has kept me on my toes. In the same way, I think it is important for officers and employees of the Shoko Chukin Bank to learn from one another and grow through the experience of answering many questions received from customers.

As a certified public accountant, I would like to help express the various forms of added value the Shoko Chukin Bank has created through the power of accounting. Accounting involves not only financial information, but also non-financial information, which is a powerful resource that companies possess. By presenting to the stakeholders the Shoko Chukin Bank's management resources and added value to be created, I hope to contribute to the sustainable growth and development of Shoko Chukin Bank employees and SME customers, as well as the local communities and global environment beyond.