

The Shoko Chukin Bank, Ltd.

The 2014 Tailored Resolution Plan

Section 1: Public Section

Contents

(a)	Public Section.....	3
(1)	The names of material entities	3
(2)	A description of core business lines.....	3
(3)	Consolidated or segment financial information regarding assets, liabilities, capital and major funding sources.....	5
(4)	A description of derivative activities and hedging activities	6
(5)	A list of memberships in material payment, clearing and settlement systems	7
(6)	A description of foreign operations.....	7
(7)	The identities of material supervisory authorities.....	8
(8)	The identities of the principal officers.....	8
(9)	A description of the corporate governance structure and processes related to resolution planning	8
(10)	A description of material management information systems.....	9
(11)	A description, at a high level, of the covered company’s resolution strategy, covering such items as the range of potential purchasers of the covered company, its material entities and core business lines	9

(a) Public SectionIntroduction

The Shoko Chukin Bank, Ltd (“the Covered Company”) has developed a Tailored Resolution Plan (“TRP”) to address the requirements for a resolution under the joint Board of Governors of the Federal Reserve System (“FRB”) and Federal Deposit Insurance Corporation (“FDIC”) rule implementing Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (“the SIFI Rule”).

The primary goal of the TRP is to ensure a rapid and orderly resolution in a manner that would not pose any serious adverse effects on U.S. financial stability while maximizing the value of the Core Business Lines (“CBLs”), providing the continuity of the Critical Operations (“COs”), and facilitating the orderly wind-down of the relevant Material Entities (“MEs”).

(1) The names of material entities

For TRP purposes, the Covered Company has identified The Shoko Chukin Bank, Ltd., New York Branch (“The New York Branch”) as the only ME.

The New York Branch was established in 1986 in New York and its primary business is to provide lending services to small and medium-sized enterprises (“SMEs”) corporate clients. The New York Branch facilitates foreign business activities for the Covered Company’s Japan-based clients in the U.S., Canada and Mexico. As of March 31, 2014, the New York Branch has \$624 million in total assets.

The Covered Company has identified the New York Branch as the sole ME in the U.S. because it provides access to the U.S. financial markets.

(2) A description of core business lines

Pursuant to the analysis below, the Covered Company has determined that it does not have any operations or activities in the United States that would be a CBL as defined in the SIFI Rule.

While the Covered Company identified its loan business as global key business, the New York Branch’s loan business represented less than 1% of the revenue and assets of that global key business line for the year ended March 31, 2014.

Therefore, the Covered Company has not designated any CBLs.

		Metrics			
		Revenue (\$mm)	% of global total	Assets (\$mm)	% of global total
Loan business	The New York Branch	5	0.3%	401	0.4%
	Global Total	1,440	100%	92,040	100%

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(3) Consolidated or segment financial information regarding assets, liabilities, capital and major funding sources

The below presents the consolidated balance sheet of the Covered Company as of March 31, 2014:

	Millions of yen		Millions of U.S. dollars	
	2014	2013	2014	2013
ASSETS				
Cash and Due from Banks	¥ 843,039	¥ 572,329	\$ 8,191	\$ 6,085
Call Loans and Bills Purchased	94,120	9,244	914	98
Monetary Claims Purchased	19,384	24,640	188	261
Trading Assets	24,690	25,752	239	273
Investment Securities	1,967,853	2,156,425	19,120	22,928
Loans	9,472,757	9,532,657	92,040	101,357
Foreign Exchange	15,471	16,186	150	172
Other Assets	109,537	113,295	1,064	1,204
Tangible Fixed Assets				
Buildings	16,406	15,087	159	160
Land	24,111	24,176	234	257
Leased Assets	6	0	0	0
Construction In Progress	126	227	1	2
Other Tangible Fixed Assets	2,577	2,906	25	30
Intangible Fixed Assets				
Software	9,906	8,338	96	88
Other Intangible Fixed Assets	3,515	3,643	34	38
Net Defined Benefit Asset				
	5,496	—	53	—
Deferred Income Taxes	62,417	54,167	606	575
Customers' Liabilities for Acceptances and Guarantees	88,860	82,120	863	873
Reserve for Possible Loan Losses	(236,106)	(226,733)	(2,294)	(2,410)
Total Assets	¥ 12,524,175	¥ 12,414,468	\$ 121,688	\$ 131,998

	Millions of yen		Millions of U.S. dollars	
	2014	2013	2014	2013
LIABILITIES				
Deposits	¥ 4,852,915	¥ 4,309,925	\$ 47,152	\$ 45,825
Negotiable Certificates of Deposit	76,210	93,830	740	997
Shoko Chukin Bank Debentures	4,824,832	5,018,707	46,879	53,362
Call Money and Bills Sold	21,613	11,286	209	120
Trading Liabilities	15,153	16,939	147	180
Borrowed Money	1,539,581	1,773,418	14,959	18,856
Foreign Exchange	68	50	0	0
Other Liabilities	189,354	195,307	1,839	2,076
Reserve for Bonuses	4,477	4,341	43	46
Reserve for Retirement Benefits	—	18,873	—	200
Net Defined Benefit Liability	21,949	—	213	—
Reserve for Retirement Benefits for Directors	112	118	1	1
Reserve for Losses on Refund for Dormant Bonds	4,203	4,124	40	43
Reserve for Environmental Measures	213	235	2	2
Other Reserves	64	61	0	0
Deferred Tax Liabilities	58	57	0	0
Negative Goodwill	—	69	—	0
Acceptances and Guarantees	88,860	82,120	863	873
Total Liabilities	11,639,668	11,529,466	113,094	122,588
NET ASSETS				
Capital	218,653	218,653	2,124	2,324
Crisis Response Reserve	150,000	150,000	1,457	1,594
Special Reserve under the Shoko Chukin Bank Law	400,811	400,811	3,894	4,261
Capital Surplus	0	0	0	0
Retained Earnings	107,198	98,810	1,041	1,050
Treasury Stock	(1,005)	(995)	(9)	(10)
Total Shareholders' Equity	875,656	867,279	8,508	9,221
Unrealized Gains on Other Securities	12,208	13,925	118	148
Remeasurements of Defined Benefit Plans	(7,154)	—	(69)	—
Total Accumulated Other Comprehensive Income	5,053	13,925	49	148
Minority Interests	3,796	3,796	36	40
Total Net Assets	884,507	885,002	8,594	9,409
Total Liabilities and Net Assets	¥ 12,524,175	¥ 12,414,468	\$ 121,688	\$ 131,998

The above financial information was prepared in conformity with generally accepted accounting principles and practices in Japan.

(4) A description of derivative activities and hedging activities

The Covered Company engages in derivative transactions such as interest rate swap and currency swap as part of its asset-liability management. By utilizing the derivatives, the Covered Company hedges interest rate and foreign exchange rate fluctuation risks for securities, bonds, borrowings and foreign currency loans. Hedge accounting is adopted for the derivative transactions that satisfy

the requirements. The effectiveness of the hedge is evaluated by comparing the balances of hedged items and hedge instruments for the period from the start of the hedge to the present.

Also, the Covered Company executes transactions for trading purposes by using interest rate swaps, currency swaps, bond futures, foreign exchange forwards etc., in order to support clients' needs to hedge market fluctuations or for the purpose of gaining returns from the variation of interest rates or foreign exchange rates.

(5) A list of memberships in material payment, clearing and settlement systems

The below table highlights key memberships in material payment, clearing and settlements for the New York Branch:

Membership	Description of the Membership	Legal Entity Owner of the Membership	Membership Status
Fedwire Chips	On-line banking system provided by BNY Mellon	New York Branch	Through agent bank (BNY Mellon Treasury Edge)
ACH	On-line banking system provided by Bank of Tokyo Mitsubishi	New York Branch	Through agent bank (Bank of Tokyo Mitsubishi Online Banking)
DTC	Custodian On-line banking system provided by Mitsubishi UFJ Trust Banking Cooperation	New York Branch	Through agent bank (Mitsubishi UFJ Trust Banking Corporation Custody Online)
SWIFT Alliance Lite	SWIFT message	New York Branch	Direct Member

(6) A description of foreign operations

The Covered Company is a Japanese governmental financial institution that provides general banking services including lending and deposits through its branches. The objective of the Covered Company is to conduct business necessary to facilitate finance to SMEs, other organizations that primarily consist of SMEs and their members. The Covered Company was established in 1936 and is headquartered in Tokyo, Japan. As of March 31, 2014, the Covered Company had 100 domestic offices in Japan as well as four overseas offices outside of Japan, including in New York, Hong Kong, Shanghai and Bangkok.

The Covered Company designated the New York Branch as the only U.S. ME for the purposes of the TRP and the New York Branch does not have any offices or operations outside of the U.S.

(7) The identities of material supervisory authorities

The Covered Company is supervised by the Small and Medium Enterprise Agency, Ministry of Economy, Trade and Industry, the Ministry of Finance Japan, and the Japanese Financial Services Agency.

The New York Branch is supervised by the FRB and the New York State Department of Financial Services.

(8) The identities of the principal officers

The principal officers for the Covered Company are as follows:

Name	Title
Hideji Sugiyama	President
Hideo Mori	Deputy President
Isao Onoguchi	Managing Executive Officer
Eiji Setoyama	General Manager of International Division

The principal officers for the New York Branch are as follows:

Name	Title
Kiyoshi Nakajima	General Manager
Ryoji Ishihara	Deputy General Manager
Naoya Gokita	Senior Manager of Risk Management

(9) A description of the corporate governance structure and processes related to resolution planning

The Covered Company is committed to high standards of governance and management. The Covered Company has established a robust corporate governance structure for the development, maintenance, implementation, and filing of the TRP. For purposes of the 2014 TRP, the Covered Company's governance leverages existing roles and responsibilities established for its regulatory issue management framework.

The TRP will be reviewed and updated on an annual basis, based on year-end figures of the previous financials. Upon any event, occurrence, change in conditions or circumstances, or other change that results in, or could reasonably be foreseen to have, a material effect on the TRP of the Covered Company (e.g. divestment of a significant business), the Covered Company will, as set forth in the SIFI rule, file a simple notice with FRB/FDIC and address such material event in the next annual TRP or, if so jointly determined by FRB/FDIC, in the more frequently updated TRP as appropriate.

The TRP has been developed in accordance with “Article 18 Other / 2. Permission, Submission and Reporting to authorities that would significantly affect management” in the Criteria for the Matters to Be Resolved by or Reported to the Management Meeting, which are set forth by the resolution of the Covered Company's Board of Directors and will be approved by the Management Meeting* at least once a year before the submission of the plan.

* The Management Meeting is a high-level governance body which is established by the resolution of the Board of the Directors and run in accordance with the Policy for the Management Committee also established by the Board resolution. The primary purpose of the Management Committee is to discuss and resolve, based on the fundamental policies set forth by the Board of Directors, the important management matters which the Board of Directors has delegated to the Committee.

The 2014 TRP submitted to the FRB/FDIC on December 22, 2014 has been formally reviewed and approved by – in accordance with the provisions set forth by the resolution of the Covered Company's Board of Directors – the Management Meeting, which is a governance body established by the Board of Directors and to which the Board has delegated certain important management matters.

(10) A description of material management information systems

The primary responsibility of the New York Branch's Management Information Systems (“MIS”) is to provide comprehensive information to the New York Branch's Senior Management to manage the branch effectively and efficiently.

The New York Branch's MIS consist of information security reporting, risk reporting, operational reporting, financial reporting and management reporting and regulatory reporting.

(11) A description, at a high level, of the covered company's resolution strategy, covering such items as the range of potential purchasers of the covered company, its material entities and core business lines

Upon resolution, the NYBL authorizes the Superintendent of the New York State Department of Financial Services (“the Superintendent”) to take possession of and liquidate the New York Branch. The Superintendent may also take possession of the New York Branch if the Covered Company is in liquidation or there is reason to believe that the New York Branch will not be able to meets it creditor's needs or obligations.

The Covered Company believes that the resolution of the New York Branch would be orderly, given the simple nature of its activities, and the high quality liquid assets on its books. Therefore, there is likely to be no impact to the broader U.S. financial system.

(End)