

Chang Hwa Commercial Bank, Ltd.

Dodd-Frank Act Section 165(d)

Resolution Plan

Part I: Public Section

Glossary

Banking Act

The Banking Act of the Republic of China

CBC

Central Bank of China of the Republic of China

CHB

Chang Hwa Commercial Bank, Ltd.

CHB LA Branch

Chang Hwa Commercial Bank, Ltd. Los Angeles Branch

CHB NY Branch

Chang Hwa Commercial Bank, Ltd. New York Branch

FDIC

Federal Deposit Insurance Corporation

FRB

Board of Governors of the Federal Reserve System or Federal Reserve Bank

FSC

Financial Supervisory Commission of the Republic of China

Plan

Resolution Plan

R.O.C.

Taiwan, the Republic of China

Rule

Rules for resolution plans under Parts 243 and 381, Title 12 of the Code of Federal Regulations

U.S.

The United States of America

U.S. Authorities

FRB, Department of Business Oversight of the State of California, and Department of Financial Services of the State of New York

U.S. Branches

CHB LA Branch and CHB NY Branch

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Introduction and Summary of Resolution Strategy

1. Introduction

In this Plan, CHB, as a foreign-based covered company, describes a strategy for the rapid and orderly resolution of its entities that are domiciled in the U.S. in the event of the failure of CHB and all of its subsidiaries and branches.

CHB's U.S. operations are comprised solely of two uninsured bank branches in the U.S. CHB LA Branch and CHB NY Branch are both non-FDIC insured branches of CHB, licensed by the state of California and the state of New York respectively.

As the Plan will describe, the U.S. Branches conduct very limited banking operations in their respective U.S. locales, focusing solely on traditional commercial banking business predominantly with their institutional clients. Other than informational technology support, the U.S. Branches generally have no material operational interconnections with each other or with CHB. Further, as defined by the Rule, neither of these U.S. Branches is a Material Entity, as neither conducts a Core Business Line for CHB or a Critical Operation. Therefore, the relevant U.S. Authorities can resolve each of these U.S. Branches locally in a rapid and orderly manner, without the need to take into account considerations on mitigating the adverse effects of resolution on the other U.S. Branch, CHB, other CHB entities, or on the financial stability of the U.S.

2. Key Elements of the Plan for the Rapid and Orderly Resolution of the U.S. Branches In the Event of Material Financial Distress or the Failure of CHB

CHB LA Branch and CHB NY Branch, as state-licensed branches, would be resolved under the supervision of their respective state banking authorities and the FRB, pursuant to the applicable state insolvency laws.

Considering their limited banking operation and the straightforward makeup of their assets and liabilities, the most likely and feasible resolution strategies for the U.S. Entities under all three economic scenarios (i.e., baseline, adverse and severely adverse) is liquidation under the applicable state insolvency law frameworks. The commercial lending portfolio, the predominant asset of the U.S. Entities, can be marketed singly or in different pools of similar characteristics and/or packaged with wholesale deposits. Unaffiliated creditor claims of the U.S. Entities would be satisfied to the extent of the proceeds of asset liquidation

CHB expects that the U.S. Branches will have minimal funding needs during the resolution process and that these can be met by the sale of the assets of each U.S. Branch.

3. Integration of the U.S. Resolution Planning Process Into CHB's Non-U.S. Resolution Planning Process

Resolution planning for the U.S. Branches is integrated into the risk management and contingency planning framework for CHB.

CHB has organized the Resolution Plan Review Committee chaired by the President of CHB and consisting of the heads of all the relevant divisions to prepare, update, and implement the Plan on an annual basis, under the supervision and guidance of the Board of Directors of CHB, which ultimately oversees overall operations and risk management process for all global CHB entities.

The Rules for the Creation of the Resolution Plan Review Committee for the Plan has been approved by the Board of Directors of CHB.

I. Names of Material Entities

As mentioned above, CHB’s Plan has no Material Entities, as it has no Core Business Lines or Critical Operations.

However, for informational purposes, the Plan discusses the U.S. Branches, including the interconnections and interdependencies among the U.S. Branches and affiliates of CHB around the world, and the integration of the resolution planning of the U.S. Branches into the contingency process of CHB. CHB streamlined the contents of this Plan with an intention to promote an accurate and comprehensive understanding on the part of the FRB and the FDIC about CHB and, in particular, the operations of CHB in the U.S. and to enhance the ability of the authorities and CHB itself in facilitating a rapid and orderly resolution of CHB in response to a material financial distress of CHB.

Organizational Information of the U.S. Operations of CHB as of June 30, 2015

Name	Address	RSSD ID
Branches of Chang Hwa Commercial Bank, Ltd.		
New York	685 Third Avenue, 29 th Floor, New York, NY 10017	1415955
Los Angeles	333 South Grand Avenue, Suite #2250, Los Angeles, CA 90071	1488771

II. Description of Core Business Lines

As CHB does not conduct any business line in whole or material part in the U.S., CHB has determined that, under Rule, CHB has no Core Business Lines. A minor part of the banking business of CHB is conducted in the U.S. CHB conducts its banking business in the U.S. through its two branches in New York and Los Angeles. The business of these two branches is largely confined to corporate banking. The business volume of these U.S. Branches is very small compared against the business volume of CHB in its entirety with reference to either the net revenue, income before income tax, or assets and liabilities.

Within the global banking business line of CHB, the share of business volume contributed by the operations in the U.S. is no more than 5% in a usual year in terms of either net revenue or income before income tax. With respect to assets and liabilities, the share of U.S. operations in the global banking business line of CHB is less than 2%. Therefore, the banking business line of CHB is not a Core Business Line.

III. Summary of Financial Information Regarding Assets, Liabilities, Capital and Major Funding Sources

1. The consolidated financial information of CHB and the U.S. Branches is summarized in the following tables.

CHB

	Unit: million NTD	
	December 31, 2014	December 31, 2013
Total Assets	\$ 1,815,873	\$ 1,700,056
Total Liabilities	1,696,632	1,587,652

	2014		2013	
Net Revenue	\$	26,563	\$	23,823
Income Before Income Tax		12,424		10,748

Source: Audited by certified public accountants and the consolidated financial information for 2013 was prepared on initial application of IFRSs.

U.S. Branches

	Unit: thousand USD		
	CHB NY Branch	CHB LA Branch	Total
December 31, 2014			
Total Assets	\$ 660,014	\$ 270,304	\$ 930,318
Total Liabilities	654,431	273,995	928,426
December 31, 2013			
Total Assets	\$ 504,768	\$ 220,592	\$ 725,360
Total Liabilities	498,683	227,422	726,105

2. The total consolidated equity in CHB and the U.S. Branches is summarized below.

	Unit: thousand USD		
	CHB	CHB NY Branch	CHB LA Branch
December 31, 2014	\$ 3,765,112	\$ 5,583	(\$ 3,689)
December 31, 2013	\$ 3,774,457	\$ 6,085	(\$ 6,831)

The working capital at CHB NY Branch and the working capital at CHB LA Branch are both USD 3,000 thousand currently. The U.S. Branches have received no additional capital from CHB after then. With regard to the U.S. Branches, CHB files Form FR Y-7Q (The Capital and Asset Report for Foreign Banking Organizations) with the FRB annually as required by the Bank Holding Company Act and the International Banking Act. The information of the capital of CHB is summarized below:

December 31, 2014	Unit: million USD	
Tier 1 Capital	\$	3,350
Total risk-based capital		4,553
Risk-weighted assets		39,754
Total assets at end of period		57,337

3. Primary Funding Sources

CHB's primary funding sources are interbank loans, customer deposits, long term financial bonds, and shareholders' equity. Most of the balance sheet items are funds for the purposes of term structure matching and funding source diversification. The assets and liabilities for term structure matching include those with identical liquidity in term and value and as much financing for those that cannot be completely matched with the maturity dates of core deposits as possible.

CHB NY Branch and CHB LA Branch are maintained by CHB but are responsible for their own funding and liquidity needs. However, CHB is fully committed to support the liquidity of its overseas branches, although the Plan does not rely upon such support in insolvency. The main funding sources for the U.S. Branches are loans from CHB, affiliated branches and peer banks. With regards to fund management, the branch borrows mainly from peer banks and maintains its credit line with the CBC to ensure that fund can be sourced at times of emergency from the CBC. Meanwhile, the U.S. Branches maintain good relationships with leading financial institutions in search for higher borrowing limits, and thereby diversify their funding sources and reduce their reliance on CHB. The U.S. Branches also strive to obtain longer term funding from the market to avoid liquidity gaps.

IV. Description of Derivative and Hedging Activities

Derivatives

As of December 31, 2014, neither CHB LA Branch nor CHB NY Branch holds any derivatives. According to the investment and derivatives policies, all derivative transactions at the U.S. Branches must comply with the transaction policies promulgated and approved by the branches and CHB. Derivative transactions are categorized into "trading positions" and "hedging positions" according to their purposes. Trading positions are intended to be held for a short term and available for sale or are held with an intention to benefit from actual or predicted short-term price fluctuations or to seek arbitrage profits. Positions which are not trading positions are hedging positions. For every derivative transaction, the credentials of the counterparty and credit risk limits shall be taken into consideration and approval of CHB shall be sought.

Hedging Activities

As of December 31, 2014, neither CHB LA Branch nor CHB NY Branch holds any derivatives for hedging purposes. The assets and liabilities of the U.S. Branches are usually subject to floating interest rate. In order to meet their objectives for risk management, the hedging activities of the U.S. Branches concentrate on risk transfer and risk management in connection with net interest income and market values. The U.S. Branches have developed interest rate fair value hedging strategy in

accordance with principles of funding transfer pricing. The relevant hedging strategies and policies shall be consistent with the internal rules of CHB concerning derivatives activities.

V. Memberships in Material Payment, Clearing and Settlement Systems

CHB NY Branch and CHB LA Branch mainly utilize the following payment, clearing and settlement systems:

Name of System	Services Provided
1. Fedwire Fund Service	Payment Processing & Cash Settlement
2. Society for Worldwide Interbank Financial Telecommunication (SWIFT)	Interbank Financial Telecommunication

VI. Descriptions of Foreign Operations

The business of CHB is primarily located in the R.O.C. At Jun 30, 2015, CHB had 185 branches and one OBU within the R.O.C. In addition to the branches in Los Angeles and New York mentioned above, CHB had other 8 overseas branches/sub-branch located in Tokyo, London, Hong Kong, Singapore, Kunshan, Huaqiao, Dongguan and Fuzhou.

CHB provides comprehensive banking services in the R.O.C. The businesses of CHB include deposits, credits, trade finance, cards, electronic banking, trusts, investment, and securities brokerage. With respect to deposits, CHB endeavors to increase demand deposits in order to balance the quality and the quantity of deposits and to effectively lower funding costs. In order to improve service efficiency, CHB has lowered the operational costs, modified the operational procedures for deposits and remittance, and improved security mechanism. The credit business may be divided into two categories, corporate and personal. The first category includes financing for major enterprises, capital financing, trade financing, bank guarantee, and syndicated loans, and credit services for small and medium enterprises such as short to medium term working capital financing, purchase order financing and exports loans, and medium to long term loans such as capital financing. Personal credit services are mainly mortgages. Trade finance business comprises export, import, and international remittance, international remittance being the most important.

With respect to card business, the number of issued credit cards has risen steadily; billing businesses such as advance loans and international debit card withdrawals have also increased significantly in recent years. With respect to electronic banking, originating from the idea of easy to use, CHB has improved services such as corporate and personal internet banking, mobile banking for smartphones, and automated voice system for corporate banking with high-qualified and standardized customer service. With respect to trusts, commissions and fees income are mainly from trusts for securities investment and custodian services. With respect to investment, in order to maintain adequate liquidity reserve and to use funds flexibly, CHB trades securities on the financial market from time to time. CHB trades short-term bills and thereby assists enterprises to address short-term funding needs flexibly on the money market. CHB also trades government bonds. With respect to securities brokerage, CHB engages in the underwriting of international bonds in addition to securities brokerage.

CHB has two subsidiaries, both incorporated in the R.O.C. Information about the subsidiaries are as follows (as of November 30, 2015):

Name of Entity <small>note 1</small>	Principal Place of Business	Jurisdiction of Incorporation <small>note 2</small>	Percentage of Equity Directly Held		Chairperson of the Board	Major Business Activities
			voting	non-voting		
CHB Life Insurance Agency Company, Ltd.	Taipei R.O.C.	R.O.C.	100%	note 3	Hom-Gang Wang	Personal Insurance Agency
CHB Insurance Brokerage Company, Ltd.	Taipei R.O.C.	R.O.C.	100%	note 3	Carol Lai	Property Insurance Brokerage

note 1: All entities listed are corporate entities. The names of the entities include information about their corporate forms.

note 2: All entities in the table has obtained the licenses required to engage in their major business activities at their principal place of business.

note 3: The company does not issue any non-voting share.

VII. Material Supervisory Authorities

Supervisory Authorities for the U.S. Branches

The supervisory authorities for CHB LA Branch are the FRB and California Department of Business Oversight.

The supervisory authorities for CHB NY Branch are the FRB and New York State Department of Financial Services.

Taiwan Supervisory Authorities for the Covered Company

Pursuant to the Banking Act, the Organic Law of Banking Bureau, Financial Supervisory Commission, the Organic Act Governing the Establishment of the Financial Examination Bureau, Financial Supervision Commission, the Central Bank of the Republic of China (Taiwan) Act, and the Deposit Insurance Act of the Republic of China, CHB is subject to the supervision of the Financial Supervisory Commission, the Banking Bureau of the Financial Supervisory Commission, the Financial Examination Bureau of the Financial Supervision Commission, the Central Bank of the Republic of China, and the Central Deposit Insurance Corporation.

VIII. Principal Officers

List of Current Members of the Resolution Plan Review Committee:

Title	Name
President (Chairman)	James Shih
Executive Vice-President	Carol Lai
Executive Vice-President	Chin-Ying(Anita) Chen
Executive Vice-President	Hong-Yao Tu
Executive Vice-President	Hom-Gang Wang
EVP & Chief Compliance Officer	Jih-Cheng Yang
Head of Financial Management Division	Tsaifeng Lin
Head of Risk Management Division	Nell H. Tseng
Head of International Banking Division	Chen-Yu Chen
Head of Treasury Division	Jason Hsu
Head of IT Division	Bin Chen

IX. Resolution Planning Corporate Governance Structure and Processes Related to Resolution Planning

Pursuant to the Rule and the relevant corporate governance rules of CHB, this Plan was drafted by the Resolution Plan Secretariat Office with other related divisions of the CHB and reviewed by the Resolution Plan Review Committee convened and chaired by the President. The President of CHB is the senior management official who is primarily responsible for the review, supervision, reports, and coordination of the various divisions for the purpose of the Plan.

Board of Directors

The board of directors of CHB is at the top of the hierarchy of the management, approval and supervision processes concerning the Plan. The policies, procedures, internal controls and implementation of risk management relating to the Plan are under the supervision of the Board of CHB.

Resolution Plan Review Committee

The President of CHB convenes and chairs the Review Committee, which includes the supervisors of several divisions relevant to the Plan and examines the sufficiency of the Plan, discusses the resolution strategies in the Plan, modifies and updates the resolution strategies and other contents in the Plan from time to time, and monitors the filings and the implementation relating to the Plan. The Review Committee reports all important matters to the Board of CHB.

X. Description of Material Management Information Systems

The key management information systems of the U.S. Branches are developed by the IT Division of CHB. The systems are sufficient to generate the information necessary to execute the resolution strategy described below. The material management information systems of the U.S. Branches are widely involved in the daily transactions, valuation procedures, risk management, funding, performance assessment, regulatory filings, and reporting of accounting and financial information. The material management information systems of the U.S. Branches are capable of generating the financial and other information the Plan requires.

XI. High-level Description of Resolution Strategy

As required by the FRB and FDIC, CHB has prepared the Plan under the assumption that CHB and all of its subsidiaries and branches have reached the point of simultaneous failure. This hypothetical failure is addressed under each of the baseline, adverse and severely adverse economic scenarios. Further, as required by FRB and FDIC, in this Plan CHB will state a resolution strategy solely for its U.S. operations.

CHB LA Branch and CHB NY Branch, as state-licensed branches, would be placed into the receivership of the California and New York state banking authorities respectively, and be resolved under the applicable state insolvency laws.

Considering the limited wholesale banking operations of CHB LA Branch and CHB NY Branch, the preferred resolution strategy for both CHB LA Branch and CHB NY Branch is an orderly and deliberate wind-down of operations and sale of assets and liabilities under the applicable insolvency regime. Under this approach, the key assets of CHB LA Branch and CHB NY Branch likely would be liquidated or would be transferred along with their deposits and other liabilities to an acquirer. The liabilities not thereby assumed in such transfers would be satisfied to the extent of the assets remaining in the respective receiverships.