

# **Mega Financial Holding Co., Ltd.**

## **Dodd-Frank Act Section 165(d)**

### **2016 Resolution Plan**

#### **Part I: Public Section**

## **Glossary**

### ***Banking Act***

The Banking Act of the Republic of China

### ***CBC***

Central Bank of the Republic of China (Taiwan)

### ***FDIC***

Federal Deposit Insurance Corporation

### ***FRB***

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

### ***FSC***

Financial Supervisory Commission, R.O.C. (Taiwan)

### ***Mega ICBC***

Mega International Commercial Bank Co., Ltd.

### ***Mega ICBC Chicago Branch***

Mega International Commercial Bank Co. Ltd., Chicago Branch

### ***Mega FHC***

Mega Financial Holding Co., Ltd.

### ***Mega ICBC LA Branch***

Mega International Commercial Bank Co. Ltd., Los Angeles Branch

### ***Mega ICBC NY Branch***

Mega International Commercial Bank Co. Ltd., New York Branch

### ***Mega ICBC SV Branch***

Mega International Commercial Bank Co. Ltd. Silicon Valley Branch

### ***NYDFS***

New York State Department of Financial Services

***Plan***

Resolution Plan

***R.O.C.***

Republic of China (Taiwan)

***Rule***

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

***U.S.***

United States of America

***U.S. Authorities***

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

***U.S. Branches***

Mega ICBC Chicago Branch, Mega ICBC LA Branch, Mega ICBC NY Branch, and Mega ICBC SV Branch

## Table of Contents

<b>Introduction and Summary of Resolution Strategy.....</b>	<b>1</b>
<b>I. Names of Material Entities .....</b>	<b>4</b>
<b>II. Description of Core Business Lines.....</b>	<b>5</b>
<b>III. Summary Financial Information Regarding Assets, Liabilities, Capital and Major Funding Sources .....</b>	<b>5</b>
<b>IV. Description of Derivatives and Hedging Activities .....</b>	<b>7</b>
<b>V. Memberships in Material Payment, Clearing and Settlement Systems .....</b>	<b>7</b>
<b>VI. Descriptions of Foreign Operations .....</b>	<b>8</b>
<b>VII. Material Supervisory Authorities .....</b>	<b>11</b>
<b>VIII. Principal Officers .....</b>	<b>11</b>
<b>IX. Resolution Planning Corporate Governance Structure and Processes Related to Resolution Planning.....</b>	<b>12</b>
<b>X. Description of Material Management Information Systems .....</b>	<b>13</b>
<b>XI. Description of High-level Resolution Strategy .....</b>	<b>13</b>

# **Introduction and Summary of Resolution Strategy**

## **1. Introduction**

In this Plan, Mega FHC, as a foreign-banking organizations, describes a strategy for the rapid and orderly resolution of its entities that are domiciled in the U.S. in the event of material financial distress or failure of Mega FHC and all of its subsidiaries and branches.

Mega FHC's U.S. operations comprise solely of the U.S. banking business of Mega FHC's banking subsidiary, Mega ICBC. Mega ICBC holds four bank branches in the U.S. Mega ICBC NY Branch, Mega ICBC Chicago Branch, Mega ICBC LA Branch, and Mega ICBC SV Branch. They are non-FDIC insured branches licensed by the state of New York, the state of Illinois, and the state of California, respectively. Mega FHC's subsidiary-Chung Kuo Insurance Co., Ltd. established its Guam representative office (the "Guam Office") in the U.S. The operation scale of the Guam Office is minimal. Moreover, the Guam Office does not belong to the primary business line, the banking business line, of Mega FHC. Therefore, the Guam Office is clearly of little relevance to this Plan. Accordingly, here and in subsequent sections of this Plan, we will not address the Guam Office when we discuss the U.S. Branches and U.S. operations of Mega FHC.

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, with Mega ICBC, or with the non-banking operations of Mega FHC outside the U.S. Further, as defined by the Rule, neither of these U.S. Branches is a Material Entity, as neither conducts a Core Business Line for Mega FHC 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 further consider mitigating the adverse effects of resolution on the other U.S. Branches, Mega ICBC, or other Mega FHC entities or on the 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 at or the Failure of Mega FHC**

The U.S. Branches, 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 composition of their assets and liabilities, the most likely and feasible resolution strategies for the U.S. Branches under the severely adverse scenario is liquidation under the applicable state insolvency regimes. The commercial lending portfolio, the predominant asset of the U.S. Branches, can be marketed individually or in different pools of similar characteristics and/or packaged with wholesale deposits. Unaffiliated creditor claims of the U.S. Branches would be satisfied to the extent of the proceeds of asset liquidation. This

resolution strategy should be feasible even if fewer potential buyers are willing to acquire the assets under the severely adverse scenario. For loan assets, as they are with good asset quality and over 50% of which are in the form of syndicated loans, under a severely adverse scenario, there may be fewer potential acquirers of the assets, the value realized in the transactions may cause immaterial loss on loans receivable, and require extended timeframe to complete the liquidation process. However, this has no significant impact on overall resolution strategy.

Funding for the U.S. Branches during the resolution process can be sourced from the sale of assets and potentially from secured funding from the FRB.

### **3. Integration of the U.S. Resolution Planning Process into Mega FHC'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 Mega ICBC and Mega FHC.

Mega FHC and Mega ICBC has organized an internal task force consisting of the heads of all the relevant departments to prepare, update, and implement the Plan on an annual basis, under the supervision and guidance of the Board of Directors of Mega ICBC and Mega FHC, which ultimately oversees overall operations and risk management process for all global Mega FHC entities.

This Plan has been approved by the Board of Directors of Mega FHC.

### **4. Material Changes that Require Modifications to Mega ICBC's filed Plan in 2015**

Mega ICBC and Mega ICBC NY Branch signed a Consent Order with New York State Department of Financial Services (NYDFS) on August 19, 2016. The Consent Order included that Mega ICBC and Mega ICBC NY Branch failed to maintain an effective and compliant anti-money laundering compliance program and failed to comply with regulations and reporting issues of the BSA (Bank Secrecy Act) / AML (anti-money-laundering). Mega ICBC will pay a penalty in the amount of \$180,000,000 (NTD 5,673,960,000) as a result of having an inadequate and deficient compliance program as set forth above. The penalty had been recognized in the consolidated financial statements as of and for the six months ended June 30, 2016. In addition, in accordance with the requests of NYDFS' Consent Order, Mega ICBC and Mega ICBC NY Branch has engaged an independent third party (compliance consultant) of the NYDFS's selection to immediately consult about, oversee and address deficiencies in Mega ICBC NY Branch's compliance function and to enhance its BSA/AML compliance program. In addition, Mega ICBC and Mega ICBC NY Branch will retain an independent monitor selected by the NYDFS to conduct a review of Mega New York's U.S. dollar clearing transaction activities from January 1, 2012 through December 31, 2014 in order to determine whether transactions inconsistent with or in violations of related regulations of the BSA/AML and the OFAC (Office of Foreign Assets Control of United States Department of Treasury) (hereon referred to as the "NY Branch Violation Incident" or the "Incident").

After the NY Branch Violation Incident, the Chairman of the Board, the President, the General Manager of Mega ICBC NY Branch, and the majority of the members of the Board of Mega FHC and Mega ICBC have been reelected/reappointed in September 2016 to further strengthen the BSA/AML's compliance function, risk management, internal control, and responsibilities of the Board of Mega ICBC's domestic and overseas branches and subsidiaries. The new Chairman of the Board, Chao-Shun Chang, the new President, Li-Yen Yang, and the new Senior Executive Vice President & General Manager of Mega ICBC NY Branch, Shioh Lin, took office on September 2, 2016, September 10, 2016, and November 1, 2016, respectively. Furthermore, Mega ICBC conducted an organizational restructuring in September 2016. Aside from separating the Risk Management Committee from the Asset Liability and Risk Management Committee as an independent committee to report directly to the Board, where the Chairman of the Board was appointed to lead the Risk Management Committee, the scope of the organizational restructuring also included adjusting the functions of or establishing new departments such as the Planning Department, Overdue Loan & Control Department, Business Administration Department, Overseas Branches Administration Department, and the Anti-Money Laundering Centre.(hereon referred to as the "Reinforcement of Compliance, Risk Management and Responsibilities of the Board")

The penalty was paid in full by Mega ICBC NY Branch. As the liquidity position of Mega ICBC NY Branch's daily operation was strong, its liquidity in short term was not significantly impacted after paying the penalty. The head office of Mega ICBC will transfer \$150,000,000 to Mega ICBC NY Branch before the end of this year for supplement the long term operational funding. NY Branch Violation Incident may have had certain impact on Mega ICBC's businesses. However, according to the regulations prescribed within 165(d) rule, this Incident does not constitute as a material event under §\_3(b)(2). As of 2016's Resolution Plan submission date, the NY Branch Violation Incident had no significant impact on the business activities, operations, funding sources, liquidity, and relationships with major counterparties of Mega ICBC NY Branch. Likewise, the NY Branch Violation Incident had no significant impact on the Mega ICBC LA Branch, Mega ICBC Chicago Branch, and the Mega ICBC SV Branch. Therefore, after reevaluating the impact to Mega FHC's 2015 Plan, including areas of strategic analysis, corporate governance, organization structure and related operation and financial information, management information systems, interconnections and interdependencies, supervisory and regulatory information, and contact information, Mega FHC has determined that, since December 10, 2015, the date of filing of Mega FHC's previous Plan (the "2015 Plan"), to 2016's Resolution Plan submission date, except for the Reinforcement of Compliance, Risk Management and Responsibilities of the Board conducted after the NY Branch Violation Incident as mentioned above, there have been no other events, occurrences, or material changes in the conditions or circumstances of Mega FHC and Mega ICBC, including the U.S. Branches, that necessitate material changes to the 2015 Plan.

## 5. Potential weaknesses and obstacles capable of affecting the immediate execution of the Plan

Due to the nature and scope of the U.S. Branches' banking operations, despite the NY Branch Violation Incident, we currently do not expect any potential material risk of impediments to their resolution under a severely adverse scenario. Due to the lack of material interconnectivity between the U.S. Branches and Mega FHC entities outside the U.S., it is likely that the U.S. Branches can be fully resolved locally in the U.S., independent from the non-U.S. resolution processes. Moreover, the risk that counterparty requests for settlement outside the resolution process which would affect the conduct of resolution is minimal. It can also be expected that the U.S. Branches can sustain sufficient internal funding resources under any of the severely adverse scenario during resolution, and that the U.S. Branches can maintain necessary connections with third parties for continuing operations throughout the resolution process. In particular, although certain third parties may take adverse actions under the severely adverse scenario, such as increasing collateral requirements, any such actions are not expected to have a material effect on the U.S. Branches.

### I. Names of Material Entities

As mentioned above, Mega FHC'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 Mega FHC around the world, and the integration of the resolution planning of the U.S. branches into the contingency process of Mega FHC. (The Guam representative office of Chung Kuo Insurance Co., Ltd. is not in the focus of this Plan because the type of business it conducts, insurance, is of minor importance to Mega FHC and its business volume and assets are in any case insignificant to Mega FHC.) Mega FHC 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 Mega FHC and, in particular, the operations of Mega FHC in the U.S. and to enhance the ability of the authorities and Mega FHC itself in facilitating a rapid and orderly resolution of Mega FHC in response to a material financial distress of Mega FHC.

Organizational Information of the U.S. Operations of Mega FHC as of December 31, 2015

Name	Address	RSSD ID
<b>Branches of Mega International Commercial Bank Co., Ltd.</b>		
New York	65 Liberty Street, New York, NY 1005, U.S.A.	631619
Chicago	2 North La Salle Street, Suite 1803, Chicago, IL 60602, U.S.A.	707130
Los Angeles	445 South Figueroa Street, Suite 1900, Los Angeles, CA 90071, U.S.A.	683663
Silicon Valley	333 West San Carlos Street, Suite 100, Box 8, San Jose, CA 95110, U.S.A.	1395374
<b>Representative Office of Chung Kuo Insurance Co., Ltd.</b>		
Guam	414 West Soledad Avenue Suite 707, GCIC Building Hagatna, Guam	NA



Name	Address	RSSD ID
	96910	

## II. Description of Core Business Lines

As Mega FHC does not conduct any business line in whole or material part in the U.S., Mega FHC has determined that, under the Rule, Mega FHC has no Core Business Lines in the U.S.

A minor part of the banking business of Mega FHC is conducted in the U.S. Mega FHC conducts its banking business in the U.S. through the four branches of Mega ICBC in New York, Chicago, Los Angeles, and San Jose. The business of these branches mainly focuses on corporate banking. The business volume of these branches is rather small compared to that of the entire banking business of Mega FHC in terms of either the net revenue, income before income tax, or assets and liabilities, and even less significant compared to the business volume of the entire Mega FHC.

In the past, the U.S. operations contributed no more than 7.5% of the business share in the banking business line of Mega FHC (the business of Mega ICBC) in terms of both net revenue and income before income tax. With respect to assets and liabilities, the share of U.S. operations in the banking business line of Mega FHC is less than 5% (after deduction of the funds the CBC deposited in Mega ICBC NY Branch, which have mostly been deposited in the FRB by Mega ICBC NY Branch). Therefore, the banking business in the U.S. is not a Core Business Line of Mega FHC.

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

- The financial information of Mega FHC, Mega ICBC and the U.S. Branches is summarized in the following tables.

	Unit: million NTD			
	Mega FHC		Mega ICBC	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Total Assets	\$ 3,398,518	\$ 3,270,580	\$ 3,088,768	\$ 2,975,008
Total Liabilities	3,105,063	3,009,397	2,835,275	2,756,221
	2015	2014	2015	2014
Net Revenue	\$ 60,228	\$ 60,505	\$ 50,241	\$ 51,166
Income before Income Tax	35,109	35,329	30,320	30,245

Source: 2015 and 2014 consolidated financial statements of Mega FHC and Mega ICBC.

Branch Name	Unit: thousand USD				
	New York	Chicago	Los Angeles	Silicon Valley	U.S. Subtotal
31 Dec 2015					
Total Assets	\$ 9,583,631	\$ 397,179	\$ 1,071,657	\$ 479,579	\$11,532,046
Total Liabilities	9,572,236	392,421	1,066,496	473,522	11,504,675
31 Dec 2014					
Total Assets	\$ 9,491,548	\$ 333,060	\$ 946,234	\$ 466,944	\$ 11,237,786
Total Liabilities	9,474,713	331,116	943,882	462,562	11,212,273

2. As required by the Bank Holding Company Act and the International Banking Act, Mega ICBC files Form FR Y-7Q with the FRB annually, which provides information of Mega ICBC as a whole but not about the U.S. Branches individually. As of December 31, 2015 and 2014, the total equity of Mega ICBC was NTD 253,493 million and NTD 218,787 million, respectively.

The information of the capital of Mega ICBC is summarized below:

31 Mar. 2016	Unit: million USD
Tier 1 Capital	\$ 7,790
Total risk-based capital	9,200
Risk-weighted assets	65,899
Total assets at the end of period	95,817

### 3. Primary Funding Sources

Mega ICBC's primary funding sources include customer deposits, deposits by the CBC and other banks, as well as long-term financial bonds and shareholders' equity. Most of the assets and liabilities of Mega ICBC comprise of properly matched and diversified lending/funding arrangements. Assets are matched with liabilities in terms of maturity and amount, and funding arrangements are made on any assets that could not be matched with core deposits of the same maturity.

The primary funding sources of the U.S. Branches are customer deposits and deposits from the CBC and other overseas branches of Taiwanese banks. The U.S. Branches are 100% owned by Mega ICBC. If necessary, Mega ICBC promises to fully support its overseas branches, although the Plan does not rely upon such support in insolvency. In addition to the expansion of the deposits business and the maintenance of good relations with other banks,

which diversify funding sources and lower liquidity risks, the U.S. Branches may access the discount window to meet its liquidity needs by pledging its assets with the FRB.

#### **IV. Description of Derivatives and Hedging Activities**

##### Derivatives

As of December 31, 2015, the Mega ICBC U.S. Branches did not hold any derivatives.

According to the investment policies of Mega ICBC and the U.S. Branches, the U.S. Branches can only engage in derivative transactions for hedging purposes; for instance, when a branch engages in investment or lending in a fixed rate or in a foreign currency, the branch is permitted to conduct derivative transactions such as an interest rate swap or a currency swap in accordance with the risk management policies of Mega ICBC.

##### Hedging Activities

As of December 31, 2015, the Mega ICBC U.S. Branches did not engage in any transaction for hedging purposes.

Most of the assets and liabilities held by Mega ICBC and the U.S. Branches bear floating interest rates. To accomplish risk management goals, Mega ICBC and the U.S. Branches focus their hedging activities on the transfer of interest rate volatility and market price risks. Mega ICBC and the U.S. Branch has also developed interest rate and exchange rate fair value hedging strategies based on transfer pricing principles, which conform to Mega ICBC's rules on derivative transactions.

#### **V. Memberships in Material Payment, Clearing and Settlement Systems**

Mega ICBC NY Branch, Mega ICBC Chicago Branch, Mega ICBC LA Branch, and Mega ICBC SV Branch directly or indirectly utilize the following payment, clearing and settlement systems:

<b>Name of System</b>	<b>Services Provided</b>
1. Fedwire Fund Service	Payment Processing & Cash Settlement
2. Clearing House Interbank Payments System (CHIPS)	Payment Processing & Cash Settlement
3. Society for Worldwide Interbank Financial Telecommunication (SWIFT)	Interbank Financial Telecommunication
4. Automated Clearing House	Payment Processing & Cash Settlement
5. Fedwire Securities Service	Clearing , Settlement, and Depositories
6. Depository Trust and Clearing Corporation	Clearing , Settlement, and Depositories

The above systems of each branch are listed as below:

Name of System	Mega ICBC NY Branch	Mega ICBC Chicago Branch	Mega ICBC LA Branch	Mega ICBC SV Branch
1. Fedwire Fund Service	✓	✓	✓	✓
2. Clearing House Interbank Payments System (CHIPS)	✓			
3. Society for Worldwide Interbank Financial Telecommunication (SWIFT)	✓	✓	✓	✓
4. Automated Clearing House	✓			✓
5. Fedwire Securities Service	✓			
6. Depository Trust and Clearing Corporation	✓			

## VI. Descriptions of Foreign Operations

Mega FHC has many subsidiaries outside of the U.S., mostly in the R.O.C. The businesses of these subsidiaries span banking, securities, bill financing, property insurance, beneficiary certificate underwriting, mutual funds, trading of financial bonds, and venture capital. However, as noted above, under Mega FHC, the scale of banking business is larger than any other business line.

As of December 1, 2016, subsidiaries directly and/or indirectly held by Mega FHC, including their major business activities, are listed below:

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		
Subsidiaries Held Directly by Mega Financial Holding Co., Ltd.						
Mega International Commercial Bank Co., Ltd.	Taipei R.O.C. (Taiwan)	R.O.C. (Taiwan)	100%	note 3	Chao-Shun Chang	Commercial banking, consumer banking, wealth management, investment banking and financial consulting etc.
Mega International Investment Trust	Taipei R.O.C. (Taiwan)	R.O.C. (Taiwan)	100%	note 3	Lan-Ing Suen	Securities investment trust, discretionary

Name of Entity note 1	Principal Place of Business	Jurisdiction of Incorporation note 2	Percentage of Equity Directly Held		Chairperson of the Board	Major Business Activities
			voting	non-voting		
Co., Ltd.						accounts
Mega Asset Management Co., Ltd.	Taipei R.O.C. (Taiwan)	R.O.C. (Taiwan)	100%	note 3	Yuan-Chung Lee	NPL asset management
Mega Bills Finance Co., Ltd.	Taipei R.O.C. (Taiwan)	R.O.C. (Taiwan)	100%	note 3	Chang-Ruey Shiau	Brokerage, dealing, underwriting, and guaranteeing of short-term debt instruments
Mega Venture Capital Co., Ltd.	Taipei R.O.C. (Taiwan)	R.O.C. (Taiwan)	100%	note 3	Jui-Yun Lin	Venture capital investment
Chung Kuo Insurance Co., Ltd.	Taipei R.O.C. (Taiwan)	R.O.C. (Taiwan)	100%	note 3	Cheng-Te Liang	Property insurance and health insurance
Mega Securities Co., Ltd.	Taipei R.O.C. (Taiwan)	R.O.C. (Taiwan)	100%	note 3	Hung-Wen Chien	Brokerage, dealing and underwriting of securities
Mega Life Insurance Agency Co., Ltd.	Taipei R.O.C. (Taiwan)	R.O.C. (Taiwan)	100%	note 3	Chao-Jung Chen	Life insurance agency
<b>Subsidiaries Held Directly by Mega International Commercial Bank</b>						
Mega International Commercial Bank (Canada)	Toronto CANADA	CANADA	100%	note 3	note 4	Deposits, credits, import/export negotiation, collection, remittance
Mega International Commercial Bank Public Co., Ltd.	Bangkok THAILAND	THAILAND	100%	note 3	note 4	Deposits, credits, import/export negotiation, collection, remittance
Cathay Investment & Development Corp. (Bahamas)	Nassau BAHAMAS	BAHAMAS	100%	note 3	note 4	International investment and development
Cathay Investment & Warehousing Ltd.	Colon PANAMA	PANAMA	100%	note 3	note 4	Rental of real estate
Mega Management & Consulting Corporation	Taipei R.O.C. (Taiwan)	R.O.C. (Taiwan)	100%	note 3	note 4	Venture capital management consulting, investment consulting and business administration

Name of Entity note 1	Principal Place of Business	Jurisdiction of Incorporation note 2	Percentage of Equity Directly Held		Chairperson of the Board	Major Business Activities
			voting	non-voting		
						consulting
Yung-Shing Industries Co.	Taipei R.O.C. (Taiwan)	R.O.C. (Taiwan)	99.56%	note 3	note 4	Personnel services, document processing
China Products Trading Co.	Taipei R.O.C. (Taiwan)	R.O.C. (Taiwan)	68.27%	note 3	note 4	Ceased to conduct business since 1966
Ramlett Finance Holdings Inc.	Panama City PANAMA	PANAMA	100%	note 3	note 4	Real estate investment
Subsidiaries Held Directly by Mega Securities Co., Ltd.						
Mega Futures Co., Ltd.	Taipei R.O.C. (Taiwan)	R.O.C. (Taiwan)	100%	note 3	note 4	Futures brokerage, futures advisory services
Mega International Investment Services Co., Ltd.	Taipei R.O.C. (Taiwan)	R.O.C. (Taiwan)	100%	note 3	note 4	Securities investment advisory, discretionary accounts, publishing securities related publications
Mega Securities Holdings Co., Ltd.	HONG KONG	British Virgin Islands	100%	note 3	note 4	Investments in securities related business
Subsidiary Held Directly and Jointly by Mega International Commercial Bank, Mega Securities Co., Ltd. and Chung Kuo Insurance Co., Ltd.						
Mega I Venture Capital Co., Ltd.	Taipei R.O.C. (Taiwan)	R.O.C. (Taiwan)	40%	note 3	note 4	Venture capital
Subsidiaries Held Directly by Yung-Shing Industries Co.						
Win Card Co., Ltd.	New Taipei R.O.C. (Taiwan)	R.O.C. (Taiwan)	100%	note 3	note 4	Enterprise management consulting, information processing service and general advertising service
ICBC Assets Management & Consulting Co., Ltd.	Taipei R.O.C. (Taiwan)	R.O.C. (Taiwan)	100%	note 3	note 4	Investment consulting, enterprise management consulting and venture investment consulting services

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 have 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.

Note 4: The entity does not conduct business in the U.S. and is not directly held by Mega FHC; we do not include its key management here.

## VII. Material Supervisory Authorities

### Supervisory Authorities for the U.S. Branches

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

The supervisory authorities for Mega ICBC Chicago Branch are the FRB and the Department of Financial and Professional Regulation of the State of Illinois.

The supervisory authorities for Mega ICBC LA Branch and Mega ICBC SV Branch are the FRB and the Department of Business Oversight of the State of California.

### Taiwan Supervisory Authorities for the Covered Company

Pursuant to the Financial Holding Company Act, the Organic Act Governing the Establishment of the Banking Bureau, Financial Supervisory Commission, R.O.C, and the Organic Act Governing the Establishment of the Financial Examination Bureau, Financial Supervision Commission, R.O.C., Mega FHC is subject to the supervision of the FSC, the Banking Bureau of the FSC, and the Financial Examination Bureau of the FSC.

Pursuant to the Banking Act, the Organic Act Governing the Establishment of the Banking Bureau, Financial Supervisory Commission, R.O.C., the Organic Act Governing the Establishment of the Financial Examination Bureau, Financial Supervision Commission, R.O.C., the Central Bank of the Republic of China (Taiwan) Act, and the Deposit Insurance Act of the Republic of China, Mega ICBC is subject to the supervision of the FSC, the Banking Bureau of the FSC, the Financial Examination Bureau of the FSC, the CBC, and the Central Deposit Insurance Corporation, Taiwan, R.O.C.

## VIII. Principal Officers

List of Core Members of the Resolution Plan Management Committee:

Role in the Committee	Title	Name
Executive Vice President of Mega FHC supervising the Risk Management Department	Executive Vice President	Dr. Chung-Hsing Chen
Senior Executive Vice President of Mega ICBC supervising the Overseas Branches	Senior Executive Vice President	Yuan-Hsi Lin

Role in the Committee	Title	Name
Administration Department		
Representing the Risk Management Department of Mega FHC	Vice President of Risk Management Department	Ta-Sheng Chen
Representing the Overseas Branches Administration Department of Mega ICBC	Senior Vice President & General Manager of Overseas Branches Administration Department	Cheng-Chian Tsao

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

### Board of Directors

The Board of Directors of Mega FHC is at the top of the hierarchy of the management, approval and supervision processes for the resolution planning. The policies, procedures, internal controls relating to the Plan and the implementation of the relevant risk management policies are under the supervision of and are periodically reported to the Board of Directors.

### Resolution Plan Management Committee

The Resolution Plan Management Committee is responsible for the supervision, review, reports, and coordination of the various divisions for the purpose of the Plan. The Resolution Plan Management Committee oversees the development, maintenance, implementation, and filing of the Plan and other compliance issues relating to the Plan, assigns and directs the works of the Resolution Plan Task Force, reviews the contents and strategies in the Plan, and submits the Plan and related issues to the Board of Directors and other members of the senior management.

### Resolution Plan Task Force

The Resolution Plan Task Force is responsible for the provision of all information required for the Plan, the development of the resolution strategies, and the drafting and compilation of the Plan. The Resolution Plan Task Force also serves as the contact window between the internal departments of Mega FHC and the competent authorities and external consultants. The Resolution Plan Task Force monitors the progress of the resolution plan project and quality of the Plan, attends to changes in the laws and regulations relating to the Plan, and updates the Plan.

The Resolution Plan Task Force submits the draft of the Plan to the Resolution Plan Management Committee for review. The Resolution Plan Management Committee, in principle, meets once a year; additional meetings of the Resolution Plan Management Committee may be called in response to extraordinary events or if the convener of the committee determines it is necessary. The Resolution Plan Management Committee periodically reports the implementation and filing status of the Plan, risk management strategies, and the level of compliance with the laws and



regulations relating to the Plan to the Board of Directors and the supervisors of Mega FHC. In the event that a major incident necessitates timely modification to the resolution strategy or other contents of the Plan, such modification shall be reviewed by the Resolution Plan Management Committee and submitted to the boards of directors of both Mega FHC and Mega ICBC for approval. The Resolution Plan Task Force shall examine the effectiveness and adequacy of the policies, procedures, and internal controls relating to the Plan at least once a year and shall report its findings to the Board of Directors of Mega FHC. These procedures were promulgated for the initial Plan but shall be followed for the Plans of subsequent years.

## **X. Description of Material Management Information Systems**

The main management information system used by Mega ICBC's overseas branches is a proprietary system developed by Mega ICBC. The system has been designed to comply with the rules pertaining to the various departments, accounting, and risk management of Mega ICBC, with certain adjustments made to the standardized core operation contents of the overseas branches in order to accommodate the local regulatory requirements where overseas branches operate. The material management information systems of the U.S. Branches 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.

## **XI. Description of High-level Resolution Strategy**

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

Mega ICBC NY Branch, Mega ICBC Chicago Branch, Mega ICBC LA Branch, and Mega ICBC SV Branch, as state-licensed branches, would be placed into the receivership of the respective state banking authorities and be resolved under the applicable state insolvency laws.

Considering the limited wholesale banking operations of Mega ICBC NY Branch, Mega ICBC Chicago Branch, Mega ICBC LA Branch, and Mega ICBC SV Branch, the preferred resolution strategy for each of these branches is an orderly and deliberate winding-down of operations and sale of assets and liabilities under the applicable insolvency regimes. Under this approach, the key assets of Mega ICBC NY Branch, Mega ICBC Chicago Branch, Mega ICBC LA Branch, and Mega ICBC SV 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.