



**國泰金控**  
Cathay Financial Holdings

# **165(d) Resolution Plan for Cathay Financial Holdings**

## **Public Section**

**December 31, 2014**



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**(a) Introduction**

Cathay Financial Holding Company Limited (“CFH”, and together with its subsidiaries, “Cathay”), which has \$50 billion or more total consolidated assets, and CFH’s subsidiary, Cathay United Bank, Ltd. (“CUB”), has U.S. operation, Los Angeles Agency (“LA Agency”). Therefore, CFH is the covered company described under Regulation QQ and Regulations Part 381 (Regulation QQ and FDIC Regulations Part 381 hereinafter referred to as the “Final Rule”) issued by the Federal Reserve Board (“FRB”) and Federal Deposit Insurance Corporation (“FDIC”), and is required to submit a resolution plan.

**(b) Name of Material Entity and Description of Core Business Lines**

CFH has identified only one material entity, CUB, which operates its banking business.

Therefore, CFH has identified the banking business as its core business line.

The following is the description of CFH’s banking business line:

The banking business conducts wealthy management business, retail banking business, corporate banking business, international financing business, electronic banking business, trust business, and sales of investment and financial product in Great China.

**(c) Summary Financial Information Regarding Assets, Liabilities, Capital and Major Funding Sources****(i) Balance Sheet**

The following table set forth the consolidated balance sheet of CFH, as of December 31, 2013.



Balance Sheet	In thousands, NT\$
<b>Assets</b>	
Cash and cash equivalents	331,666,078
Due from Central Bank and call loans to banks	151,945,066
Financial assets measured at fair value through profit or loss	244,023,246
Available-for-sale financial assets—net	1,357,106,776
Derivative financial assets for hedging	1,300,914
Securities purchased under agreements to resell	12,960,817
Receivables—net	169,590,966
Current income tax assets	5,585,301
Assets held for sale—net	68,479
Loans—net	1,667,391,682
Reinsurance assets—net	5,740,684
Held-to-maturity financial assets—net	54,970,153
Investments accounted for using the equity method—net	3,153,320
Other financial assets—net	1,724,797,817
Investment properties—net	191,023,573
Property and equipment—net	104,306,810
Intangible assets—net	9,223,432
Deferred tax assets—net	15,038,697
Other assets—net	26,963,277
<b>Total Assets</b>	<b>6,076,857,088</b>
<b>Liabilities</b>	
Due to the Central Bank and call loans from banks	56,985,225
Bankers acceptances and funds borrowed	1,497,500
Financial liabilities at fair value through profit or loss	28,754,621
Derivative financial liabilities for hedging	5,148
Securities sold under agreements to repurchase	60,931,600
Commercial paper payable—net	10,050,000
Payables	37,548,440
Current income tax liabilities	37,003



Deposits	1,585,031,001
Bonds payable	92,417,213
Provisions	3,477,440,832
Other financial liabilities—net	413,414,217
Deferred tax liabilities	12,771,382
Other liabilities	14,712,855
<b>Total Liabilities</b>	<b>5,791,597,037</b>
<b>Stockholder's Equity—Parent Company</b>	
Capital stock	
Common stock	119,649,621
Capital surplus	89,063,184
Retained earnings :	
Legal reserve	16,922,773
Special reserve	7,072,630
Undistributed earnings	28,287,695
Other equity :	20,083,810
Treasury stock	
Non-controlling interests	4,180,338
<b>Total Stockholder's Equity</b>	<b>285,260,051</b>
<b>Total liabilities and equity</b>	<b>6,076,857,088</b>

**(ii) Capital**

The following table expresses the capital adequacy of CFH and its subsidiaries, as of June 30, 2014:

		In thousands, NT\$
Eligible self-owned Capital of Subsidiaries	CUB	167,441,425
	Cathay Life Insurance Co., Ltd.	245,453,215
	Cathay Century Insurance Co., Ltd.	6,512,940
	Cathay Securities Corporation	3,844,502



	Cathay Securities Investment Trust Co., Ltd.	2,002,685
	Cathay Venture Inc.	3,031,387
Subsidiary's Statutory Capital Requirement	CUB	96,076,924
	Cathay Life Insurance Co., Ltd.	232,018,907
	Cathay Century Insurance Co., Ltd.	4,694,400
	Cathay Securities Corporation	2,038,928
	Cathay Securities Investment Trust Co., Ltd.	1,144,549
	Cathay Venture Inc.	1,516,008
	Capital Adequacy Ratio of Subsidiaries	CUB
Cathay Life Insurance Co., Ltd.		211.58%
Cathay Century Insurance Co., Ltd.		277.48%
Cathay Securities Corporation		282.83%
Cathay Securities Investment Trust Co., Ltd.		87.49%
Cathay Venture Inc.		99.98%
Group's Eligible Capital		380,460,315
Group's statutory capital requirement	342,347,334	
Group's capital adequacy ratio	111.13%	

### (iii) Major Funding Sources

CFH is a financial holding company, therefore, its major funding sources are issuing stocks or short-term and long-term bonds. CUB and LA Agency's funding sources come from local deposits and borrowing from other banks. CUB also supports necessary liquidity to LA Agency.

In the event of financial distress, CFH, CUB, and LA Agency will try to acquire enough funds and liquidity by borrowing from other financial institutions, selling high liquid assets, recalling loans, etc.

### (d) Derivative and Hedging Activities

CFH's U.S. operation, LA Agency, does not engage in any trading and derivatives activities and does not hold any derivative position. However, for the purpose of hedging, CUB hold swap positions to hedge their bond obligation.

### (e) Memberships in Material Trading, Payment, Clearing and Settlement Systems

The summary of trading, payment, clearing, and settlement systems of CFH, CUB, and LA Agency are listed in tables below:

System Type	System Name	A Member of
Trading	Nationwide Bill System	Financial Information Service Co., Ltd.
Trading	Interbank Remittance System	Financial Information Service Co., Ltd.
Trading	SWIFT Alliance Workstation	SWIFT
Trading	FedLine Advantage	FRB
Trading	BNY TreasuryEdge	Bank of New York
Trading	WFB CEO	Wells Fargo Bank
Payment	ACH	Taiwan Clearing House
Payment	Nationwide Bill System	Financial Information Service Co., Ltd.
Clearing	Clearing House System	Taiwan Clearing House
Clearing	CBC Interbank Funds transfer System	Central Bank of the Republic of China (Taiwan)
Clearing	Interbank Remittance System	Financial Information Service Co., Ltd.



## (f) Description of Foreign Operations

The information of the location and key management associated with CFH, CUB, and CUB's foreign operations are as follows:

Company Name	Location	Key Management
CFH	Taipei, R.O.C.	Chairman: Hong-Tu Tsai
CUB	Taipei, R.O.C.	Chairmen: Tsu-Pei Chen
Los Angeles Agency	Los Angeles, California, U.S.	Senior Vice President & General Manager: Alexander Wu
Hong Kong Branch	Hong Kong	Senior Vice President & General Manager: Henry Chien
Singapore Branch	Singapore	Senior Vice President & General Manager: Su Chuan Hung
Shanghai Branch	Shanghai, Mainland China	Senior Vice President & General Manager: Chun-Hao Liu
Shanghai Minhang Sub-Branch	Shanghai, Mainland China	Vice President-Project Management: Nai-Kuan Lin
Labuan Branch	Labuan, Malaysia	Senior Vice President & General Manager: Chih-Cheng Cheng
Chu Lai Branch	Chu Lai, Vietnam	Senior Vice President & General Manager: Feng Li Juan
Manila Rep. Office	Manila, Philippines	Senior Vice President: Wen-Li Kuo
Kuala Lumpur Marketing Office	Kuala Lumpur, Malaysia	Senior Vice President & General Manager: Chih-Cheng Cheng
Bangkok Rep. Office	Bangkok, Thailand	Senior Vice President: Keng-Yang Lin
Hanoi Rep. Office	Hanoi, Vietnam	Assistant Manager: HWANG-DER LU
HCMC Rep. Office	Ho Chi Minh City, Vietnam	Assistant Manager: Chieh Yang
Indovina Bank Limited, Subsidiary	Vietnam	President: JAMES Y.F. JAN
Cathay United Bank(Cambodia)	Cambodia	President: Wei-Chih Chen



Corporation Limited		
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### (g) Material Supervisory Authorities

The following table identifies the primary supervisory authorities with specific regulatory oversight over CFH, CUB, and LA Agency:

Company Name	Location	Regulator
Cathay Financial Holding Company Limited	Taipei, R.O.C.	Financial Supervisory Commission, R.O.C.
Cathay United Bank, Ltd.	Taipei, R.O.C.	<ul style="list-style-type: none"> <li>▶ Financial Supervisory Commission, R.O.C.</li> <li>▶ Central Bank of the Republic of China (Taiwan)</li> <li>▶ Central Deposit Insurance Corporation</li> </ul>
Los Angeles Agency	California, United States	<ul style="list-style-type: none"> <li>▶ Federal Reserve Bank of San Francisco</li> <li>▶ California Department of Business Oversight</li> </ul>

### (h) Principal Officers

The table below lists the senior management officials at CFH and CUB responsible for managing this plan:

Company	CFH	CUB
Name	Deh-Yen Weng	Po-Tsang Hsieh
Title	Division Head of Administration Division Chief Compliance Officer	Chief Risk Officer
Telephone Number	+886 2 27087698	+886 2 87226666
E-mail Address	dehyen@cathayholdings.com.tw	doc_vice_NT2005@cathaybank.com.tw
Physical Address	No.296, Sec. 4, Ren'ai Rd., Xinyi Dist., Taipei City 110, Taiwan (R.O.C.)	No.7, Songren Rd., Xinyi Dist., Taipei City 110, Taiwan (R.O.C.)

### **(i) Resolution Planning Corporate Governance Structure and Related Processes**

To manage the resolution plan, CFH has built and embedded a management mechanism of the resolution plan into the existing governance structure. The resolution plan is developed by CFH and its material entity, CUB. The resolution is approved by the CFH's President who is authorized by the Board of Directors. In addition, for managing and maintaining the resolution plan, CFH had established resolution plan management policy to provide roles and responsibilities, the content of the resolution plan, the execution of the resolution plan, etc.

### **(j) Description of Material Management Information Systems**

CFH and CUB rely on management information systems to support its day-to-day operations and to monitor the financial health, risk and operations. On a weekly to quarterly basis, management information systems provide management and the regulators with the information of credit risk, market risk, operational risk, general ledger, transactions, and compliance to manage and supervise.

In addition, LA Agency's business only focuses on lending and deposits and does not engage in any trading transaction. Therefore, CUB shares its systems with LA Agency to support its day-to-day operations. For this reason, CUB can efficiently acquire LA Agency's management information and rapidly facilitate an orderly resolution of LA Agency, if necessary.

### **(k) High-level Description of Resolution Strategy**

Pursuant to requirements of the Final Rule, CFH develops the resolution strategy under the assumption that CFH and CUB both are in the event of financial distress or failure. In the resolution strategy, CFH prefers to immediately close its U.S. operation, LA Agency, through liquidation.

CFH is a leading financial holding company in Taiwan and CUB's business in



Great China also performs excellent performance. Therefore, if CFH and CUB both are in the event of financial distress or failure, major potential acquirers will be the global financial groups interested in entering the Great China market.