

E.Sun Financial Holding Co., Ltd.

Dodd-Frank Act Section 165(d)

2017 Resolution Plan

Part I: Public Section

Glossary

Banking Act

The Banking Act of the Republic of China

Banking Bureau

Banking Bureau of the Financial Supervisory Commission of the Republic of China

California Financial Code

Financial Code of the State of California

CA Commissioner

Commissioner of the California Department of Business Oversight

CBC

Central Bank of the Republic of China (Taiwan)

CDIC

Central Deposit Insurance Corporation of the Republic of China

Central Bank Act

The Central Bank of the Republic of China (Taiwan) Act

Deposit Insurance Act

Deposit Insurance Act of the Republic of China

FDIC

Federal Deposit Insurance Corporation

FRB

Board of Governors of the Federal Reserve System

FSC

Financial Supervisory Commission of the Republic of China

E.SUN FHC

E.SUN Financial Holding Company, Ltd.

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

E.SUN BANK

E.SUN Commercial Bank, Limited

E.SUN BANK LA Branch

E.SUN Commercial Bank, Limited, Los Angeles Branch

U.S.

The United States of America

U.S. Authorities

FRB and CA Commissioner

U.S. Branch

E.SUN BANK LA Branch

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I. Introduction and Summary of Resolution Strategy

1. Introduction

In this Plan, E.SUN FHC, 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 material financial distress or failure of E.SUN FHC and all of its subsidiaries and branches.

E.SUN FHC's U.S. operations comprise solely the U.S. banking business of E.SUN FHC's banking subsidiary, E.SUN BANK. E.SUN BANK holds one wholesale bank branch in the U.S. E.SUN BANK LA Branch is the non-FDIC insured branch of E.SUN BANK in the U.S., licensed by the state of California.

As the Plan will describe, the E.SUN BANK LA Branch conducts a very limited banking operations in its U.S. locale, focusing solely on traditional commercial banking business predominantly with its institutional clients. The E.SUN BANK LA Branch generally has no material operational interconnection with E.SUN BANK or with the non-banking operations of E.SUN FHC outside the U.S. Further, the E.SUN BANK LA Branch is not a Material Entity because it does not conduct a Core Business Line for E.SUN FHC or a Critical Operation. Therefore, the relevant U.S. Authorities can resolve the E.SUN BANK LA Branch locally in a rapid and orderly manner, without the need of considering mitigating the adverse effects of resolution on the E.SUN BANK, other E.SUNFHC entities, or on the stability of the U.S.

2. Key Elements of the Plan for the Rapid and Orderly Resolution of the E.SUN BANK LA Branch In the Event of Material Financial Distress at or the Failure of E.SUN FHC

The E.SUN BANK LA Branch, as a state-licensed branch, would be resolved under the supervision of its state banking authorities and the FRB, pursuant to the applicable state insolvency laws.

Considering its limited banking operation and the straightforward makeup of its assets and liabilities, the most likely and feasible resolution strategy for the E.SUN BANK LA Branch under the Baseline Scenario is a liquidation under the applicable state insolvency law framework. The commercial lending portfolio, the predominant asset of the E.SUN BANK LA Branch, can be marketed singly or in different pools of similar characteristics and/or packaged with wholesale deposits. Unaffiliated creditor claims of the E.SUN BANK LA Branch would be satisfied to the extent of the proceeds of asset liquidation.

Funding for the E.SUN BANK LA Branch 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 E.SUN FHC's Non-U.S. Resolution Planning Process

Resolution planning for the E.SUN BANK LA Branch is integrated into the risk management and contingency planning framework for E.SUN BANK and E.SUN FHC.

E.SUN FHC and E.SUN BANK 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 E.SUN BANK and E.SUN FHC, which ultimately oversees overall operations and risk management process for all global E.SUN BANK and E.SUN FHC entities.

This Plan has been approved by the Board of Directors of E.SUN BANK and E.SUN FHC.

II. The Names of Material Entities

As mentioned above, E.SUN FHC's Plan has no Material Entities, as it has no Core Business Line or Critical Operations.

However, for informational purposes, the Plan discusses the E.SUN BANK LA Branch, including the interconnections and interdependencies among the E.SUN BANK LA Branch and affiliates of E.SUN FHC around the world, and on the integration of the resolution planning of the E.SUN BANK LA Branch into the contingency process of E.SUN FHC. E.SUN 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 E.SUN FHC and, in particular, the operations of E.SUN FHC in the U.S. and to enhance the ability of the authorities and E.SUN FHC itself in facilitating a rapid and orderly resolution of E.SUN FHC U.S. Operation in response to a material financial distress of E.SUN FHC.

Organizational Information of the U.S. Operations of E.SUN FHC as of December 31, 2016

| Name | Address | RSSD ID |
|--|--|----------------|
| Branch of E.SUN Commercial Bank Co., Ltd. | | |
| Los Angeles | 17700, Castleton Street, Suite 500, City of Industry, C.A. 91748 USA | 2929851 |

III. Description of Core Business Line

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

A minor part of the banking business of E.SUN FHC is conducted in the U.S. E.SUN FHC conducts its banking business in the U.S. through its branch in Los Angeles. The business of this branch is largely confined to corporate banking. The business volume of the E.SUN BANK LA Branch is very small compared against the banking business volume of E.SUN FHC 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 E.SUN FHC, the share of business volume contributed by the operations in the U.S. is no more than 3% 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 E.SUN FHC is less than 2%. Therefore, the banking business in U.S. is not a Core Business Line of E.SUN FHC.

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

1. The following table is the financial information summary of E.SUN FHC, E.SUN BANK and E.SUN BANK LA Branch:

Unit: NTD in million

| | E.SUN FHC | | E.SUN BANK | |
|----------------------------|-------------------|-------------------|--------------------|-------------------|
| | 2016.12.31 | 2015.12.31 | 2016.12.31. | 2015.12.31 |
| Total Assets | \$ 1,884,300 | \$ 1,775,284 | \$ 1,870,131 | \$ 1,760,630 |
| Total Liabilities | 1,755,119 | 1,653,623 | 1,743,097 | 1,642,372 |
| | 2016 | 2015 | 2016 | 2015 |
| Net Revenue | \$ 41,065 | \$ 38,489 | \$ 40,277 | \$ 37,286 |
| Income before income taxes | 15,206 | 14,785 | 15,431 | 14,677 |

E.SUN BANK LA Branch

Unit: USD in thousand

| | 2016.12.31 | 2015.12.31 |
|-------------------|------------|------------|
| Total Assets | \$ 691,686 | \$ 574,238 |
| Total Liabilities | 636,896 | 526,229 |

2. **E.SUN BANK and its E.SUN BANK LA Branch's total equity is as follows:**

Unit: USD in thousand

| | E.SUN BANK | E.SUN BANK LA Branch |
|------------|-------------------|-----------------------------|
| 2016.12.31 | \$ 3,914,957 | \$ 54,790 |
| 2015.12.31 | 3,537,730 | 48,009 |

Note: It is assumed that 1 USD equals 32.29088 (2016) /31.92125 (2015) NTD

The E.SUN BANK LA Branch complies with the U.S. laws - *Bank Holding Company Act* (12 U.S.C. 1844(c)) Section 5(c) and *International Banking Act* (12 U.S.C. 3106(c) and 3108) by regularly filing FR Y-7Q (The Capital and Asset Report for Foreign Banking Organizations) to the FRB. The reporting entity of FR Y-7Q is E.SUN BANK with no single E.SUN BANK LA Branch's information. The summary of capital information is as follows:

| 2016.12.31 | Unit: USD in million |
|-------------------------------|-----------------------------|
| Tier 1 Capital | \$ 4,237 |
| Total risk-based capital | 5,835 |
| Risk-weighted assets | 41,120 |
| Total assets at end of period | 57,936 |

3. **Major funding sources**

E.SUN BANK sources its funding mainly from client deposits, deposits from the CBC and banks, long-term financial bonds, and Equity. Most of the bank's assets and liabilities comprise matching of term structure and diversified lending/funding arrangements. Assets are matched with liabilities in terms of the

same financial term and amount, and fund procurement is made on any assets that could not be matched with core deposits of the same maturity.

The primary funding sources for E.SUN BANK LA Branch are interbank loans and term deposits. E.SUN BANK LA Branch is 100% owned by E.SUN BANK. In principle, E.SUN BANK LA Branch is responsible for its own funding and liquidity management. However, if an emergency should arise, E.SUN BANK is committed to supporting the funding and liquidity needs of E.SUN BANK LA Branch, although the Plan does not rely upon such support in insolvency. Meanwhile, E.SUN BANK LA Branch seeks opportunities to increase local corporate deposit accounts in order to stabilize and diversify funding sources. In addition, E.SUN BANK LA Branch maintains close relationships with large financial institutions and tries to obtain long term funds in the market in order to avoid needs for short term liquidity.

V. Description of Derivative and Hedging Activities

1. Descriptions of derivative

E.SUN BANK LA Branch had not engaged or held derivatives as of December 31, 2016 and 2015.

For E.SUN BANK LA Branch, all authorization, approval, risk control and valuation of derivative trading are subject to comply with E.SUN BANK LA Branch's *Investment Policy* and *Supplemental Investment Policy For Derivative and Structured Notes*. Furthermore, E.SUN BANK LA Branch is also bound to comply with E.SUN BANK's "*Risk Weight Handling Guidelines for Derivative Financial Commodity Trading of E.SUN BANK*" and relative regulation.

2. Descriptions of hedging activities

E.SUN BANK LA Branch had not engaged or held any financial instruments used for hedging as of December 31, 2016 and 2015.

For the purpose of risk management, E.SUN BANK LA Branch's hedging activities are concentrated in transferring and managing risks in net interest income and market value risk. E.SUN BANK LA Branch's fair value hedging strategies for interest rate and exchange rate are based on the principles in the fund transfer plan, and the related hedging strategies and policies are required to comply with E.SUN BANK's guidelines for conducting financial derivatives businesses.

VI. Memberships in Material Payment, Clearing and Settlement Systems

E.SUN BANK LA Branch mainly utilizes the following payment, clearing and settlement systems:

| Financial transactions | Financial market platform | | | | |
|--------------------------------------|---------------------------|---------------------------|-------------------|--------------------|-------------------|
| | Trading system | Payment, clearing systems | | Settlement system | |
| | | System name (note) | Membership Status | System name (note) | Membership Status |
| Interbank loans, interbank deposits, | None | ● Fedwire Fund Service | Yes | N/A | N/A |

| Financial transactions | Financial market platform | | | | |
|----------------------------|---------------------------|---------------------------|-------------------|--------------------|--|
| | Trading system | Payment, clearing systems | | Settlement system | |
| | | System name (note) | Membership Status | System name (note) | Membership Status |
| general deposits and loans | | ● SWIFT | Yes | | |
| Securities investments | None | ● SWIFT | Yes | DTCC | Not a member, and instead through the custodian bank (Bank of New York Mellon) |

VII. Descriptions of Foreign Operations

E.SUN FHC has many subsidiaries outside of the U.S., mostly in the R.O.C. The businesses of these subsidiaries span banking, securities, and venture capital. However, as noted above, under E.SUN FHC, the scale of banking business is larger than any other business line.

Hierarchical List of Subsidiaries, 25% or more of whose Equity is Held directly or indirectly by E.SUN FHC as of December 31, 2016, are listed below:

| 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 | | |
| Subsidiaries Held Directly by E.SUN Financial Holding Co., Ltd. | | | | | | |
| E.SUN Commercial Bank, Ltd. | Taipei R.O.C. | R.O.C. | 100% | Note 3 | Gary K.L. Tseng | Corporate Banking, Consumer Banking, Wealth Management, Financial Banking and Credit Card Payment |
| E.SUN Securities Co., Ltd. | Taipei R.O.C. | R.O.C. | 100% | Note 3 | Shui-Chin Shen | Brokerage, Dealing and Underwriting of Securities |
| E.SUN Venture Capital Co., Ltd. | Taipei R.O.C. | R.O.C. | 100% | Note 3 | L.C. Lin | Conduct venture capitals in domestic and foreign technology businesses, domestic general manufacturing industry, and other domestic and international |

| 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 | | |
| | | | | | | venture capital businesses. |
| Subsidiaries Held Directly by E.SUN Commercial Bank, Limited | | | | | | |
| Union Commercial Bank Public Limited Corporation | Phnom Penh, Kingdom of Cambodia | Kingdom of Cambodia | 75% | Note 3 | Note 4 | Corporate Banking, Consumer Banking, Foreign currency transactions, Credit Card Payment |
| BankPro e-Services Technology Co., Ltd. | Taipei, R.O.C. | R.O.C. | 61.67% | Note 3 | Note 4 | Information software retail, information software services, data processing services, e-supply services and business consultants |
| E.SUN BANK (China) | Shenzhen, China | China | 100% | Note 3 | Note 4 | Deposit, International Trading, Lending |
| Subsidiaries Held Directly by E.SUN Securities Co., Ltd. | | | | | | |
| E.SUN Investment Consulting Co., Ltd. | Taipei R.O.C. | R.O.C. | 100% | Note 3 | Note 4 | Securities Investment Consulting |
| Subsidiaries Held Directly by Union Commercial Bank Public Limited Corporation | | | | | | |
| URE Land Holding Co., Ltd. | Phnom Penh, Kingdom of Cambodia | Kingdom of Cambodia | 49% | Note 3 | Note 4 Note 5 | Lease, Sales and Purchase of Real Estate. |

note 1: 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 material to E.SUN FHC (the assets of the entity are less than 2% of the assets of E.SUN FHC); we do not include the key management of the entity here.

note 5: Union Commercial Bank Public Limited Corporation holds 49% of URE Land Holding Co., Ltd, 90% of substantive economic control and 90% of equity.

VIII. Material Supervisory Authorities

1. Regulatory Authorities for the U.S. Branches

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

2. Taiwan Regulatory Authorities for the Covered Company

Pursuant to the *Financial Holding Company Act, the Organic Law of Banking Bureau, Financial Supervisory Commission, and the Organic Act Governing the Establishment of the Financial Examination Bureau, Financial Supervision Commission*, E.SUN FHC is subject to the supervision of the Financial Supervisory Commission, the Banking Bureau of the Financial Supervisory Commission, and the Financial Examination Bureau of the Financial Supervision Commission.

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*, E.SUN BANK 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.

IX. Principal Officers

The core members of the Resolution Plan meeting are as follows, and the Convenor of Steering Committee is currently the President of E.SUN FHC and E.SUN BANK, Joseph N.C. Huang:

| Company | Department | Title | Member |
|------------|---|-------------------------------------|-------------------|
| E.SUN FHC | Head Office | Chief Compliance Officer | Fion Ouyang |
| E.SUN BANK | Corporate Banking Division-Overseas Business Department | Deputy President | Cathy Kuo |
| | | SVP | Ming De Lee |
| | E.SUN BANK LA Branch | SVP/GM of LA Branch | Hung-Pin Chen |
| | Risk Management Division | Chief Risk Officer | Oliver Hsieh |
| | Information Technology Division | Vice Chief Information Officer/SEVP | Po-Hsuan Hsu |
| | Treasury Division | Manager | Hsiang-Shih Hsieh |
| | Accounting Division | SVP | Lu-Erh Chuang |

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

The Task Force carries out the drafting and implementation of this Plan under the supervision and management of the Steering Committee. The Steering Committee shall periodically report to the Boards all progress made with respect to the Plan, the status of relevant filings, the outline of the overall resolution strategy, and the level of compliance with the Rules. In the event that a major incident necessitates timely modification to the resolution strategy or other contents of the Plan, such modification

shall be drafted by the Task Force, reviewed by the Steering Committee, and submitted to the Boards for approval. The Steering Committee shall examine the effectiveness and adequacy of the Plan and the policies and procedures relating to the Plan at least once a year, and shall report its findings to the Boards.

1. Board of Directors

The Board of the E.SUN FHC is at the top of the hierarchy of the management, approval and supervision processes for the resolution planning of the E.SUN BANK. The policies, procedures, internal controls relating to the Plan and the reports concerning risk management are under the supervision of the Board of the E.SUN FHC.

2. Steering Committee

The Steering Committee is composed of senior management, and is overseen and receive instructions by the Board of Directors. The Steering Committee is responsible for the core strategies and principles relating to resolution planning, supervises the development, improvement, and revision of the Plan, monitors the sufficiency, practicability, and timeliness of the Plan and relevant policies and procedures, reviews major suggestions submitted by the Task Force, periodically examines the implementation and filing of the Plan, periodically reports these matters to the Boards.

3. Resolution Plan Task Force

Resolution Plan Task Force operates under the Steering Committee. The Task Force drafted the Plan for the first time and proposed the relevant policies and procedures. The Task Force also processes major suggestions from colleagues involved in the implementation of the Plan. The Task Force submits the drafted Plan, the proposed policies and procedures and the processed suggestions to the Steering Committee for review. The Task Force implement the decisions of the Steering Committee and assigns the relevant tasks among relevant unit following the procedures for the division of responsibilities and authorities promulgated for each type of business. The filing of the Plan is done by the Task Force. In each of the subsequent years, the Task Force will submit this Plan and necessary changes to this Plan to the Steering Committee for review.

XI. Description of Material Management Information Systems

The main management information system used by E.SUN BANK's overseas branches is a proprietary system developed by E.SUN BANK (E.SUN INTEGRATED OVERSEA BANKING SYSTEM, EIOB). The system has been designed to comply with the rules pertaining to the various departments, accounting, and risk management of E.SUN BANK, 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 E.SUN BANK LA Branches are sufficient to generate the information necessary to execute the resolution strategy described below. The material management information systems of the E.SUN BANK LA Branches are widely involved in the daily transactions, valuation procedures, risk management, funding, performance assessment, regulatory filings, and reporting of accounting and financial information.

XII. High-level Description of Resolution Strategy

As required by the FRB and FDIC, E.SUN FHC has prepared the Plan under the assumption that E.SUN FHC and all of its subsidiaries and branches have reached the point of simultaneous failure in a crisis that applies solely to E.SUN FHC entities and not to other financial institutions or the market generally. Further, as required by FRB and FDIC, in this Plan E.SUN FHC will state a resolution strategy solely for its E.SUN BANK LA Branch.

E.SUN BANK LA Branch, as a state-licensed branch, would be placed into the receivership of California state banking authority, and be resolved under California state insolvency laws.

Considering the limited wholesale banking operations of E.SUN BANK LA Branch, the preferred resolution strategy for E.SUN BANK LA Branch is an orderly and deliberate wind-down of operations and sale of assets and liabilities under the California state insolvency regime. Under this approach, the key assets of E.SUN BANK LA Branch likely would be liquidated or would be transferred along with its liabilities to an acquirer. The liabilities not thereby assumed in the transfer would be satisfied to the extent of the assets remaining in the receivership.