

Agricultural Bank of China Limited

Tailored U.S. Resolution Plan

Public Section

1. Introduction

This is the public section of the tailored resolution plan of Agricultural Bank of China Limited (the “Bank”) that is being filed pursuant to 12 C.F.R. Part 243, promulgated by the Board of Governors of the Federal Reserve System (“FRB”), and 12 C.F.R. Part 381 of the Federal Deposit Insurance Corporation (“FDIC”) under Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”). Parts 243 and 381 are hereinafter referred to as the “Final Rules.”

Any foreign bank or company that is treated as a bank holding company under Section 8(a) of the International Banking Act of 1978 (the “IBA”) and that has \$50 billion or more in total consolidated assets is a “covered company” for purposes of Section 165(d) of the Dodd-Frank Act and the Final Rules. A covered company is required to submit to the FRB and FDIC a plan discussing the rapid and orderly resolution of its U.S. operations in the event of material financial distress or failure.

The Bank is organized under the laws of the People’s Republic of China. Because the Bank maintains a branch in the United States, the Bank is treated as a bank holding company under Section 8(a) of the IBA. The total global consolidated assets of the Bank, including its U.S. operations, exceeded \$50 billion as of December 31, 2013 and 2014. As a result, the Bank is deemed a covered company and is required to file a U.S. Resolution Plan under Section 165(d) of the Dodd-Frank Act and the Final Rules.

The Final Rules permit certain eligible covered companies to file a tailored resolution plan. The Bank has been approved by the FRB and FDIC to file a tailored resolution plan for its 2015 submission.

2. Overview of the Bank

Agricultural Bank of China Limited was originally formed in 1951 as the Agricultural Cooperative Bank. Starting in the late 1970s, the Bank shifted from a state-owned specialty bank to a state-controlled commercial bank. The Bank was restructured into a joint-stock, limited company in 2009, and completed its initial public offering on July, 2010, raising \$22.1 billion. This was the largest IPO on record at the time. The Bank is listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange.

The Bank is a major integrated financial services provider in China, and remains committed to serving the needs of agriculture and rural areas and capitalizing on the synergy between urban and less populated areas. The Bank has expanded into the international market and provides the diversified services of a leading commercial bank. The Bank utilizes its diverse portfolio, large distribution network and advanced IT platform to provide a full range of corporate, treasury and retail banking products. In addition to commercial banking, the Bank's services include investment banking, fund management, financial leasing and life insurance. At the end of 2014, the Bank had total assets of RMB 15,974,152 million, due to customers of RMB 12,533,397 million and net loans and advances to customers of RMB 7,739,996 million. The capital adequacy ratio and non-performing loan ratio were 12.82% and 1.54% respectively. The Bank achieved a net profit of RMB 179,510 million in 2014 (\$28.95 billion using a conversion rate of 6.20).

The Bank had 23,612 domestic branches, including the Head Office, at the end of 2014. In 2014, the Bank was ranked No. 47th in Fortune's Global 500, and was ranked the 9th largest bank by Tier 1 capital. In 2014, the Bank's issuer credit ratings were assigned

A/A-1 by Standard & Poor's, the Bank's deposit ratings were assigned A1/P1 ratings by Moody's Investors Service, and the long-term / short-term foreign currency issuer default ratings of A/F1 were assigned by Fitch Ratings. The Bank's outlook ratings assigned by the above-listed credit rating agencies were "stable". The Bank had 493,583 employees at the end of 2014.

The Bank's New York Branch (the "New York Branch") is a wholesale banking branch with a product range that includes: corporate lending and deposits; trade finance; treasury activities including investments, foreign exchange, issuance of negotiable securities and certificates of deposit, money market activities and basic derivatives activities; correspondent banking and other linked customer products.

3. Material Entities

"Material Entity" is defined in the Final Rules as "a subsidiary or foreign office of the covered company that is significant to the activities of a critical operation or core business line." The Bank has determined that it does not have any U.S. Material Entities for purposes of the Resolution Plan. This will be subject to ongoing review and evaluation as the U.S. operation expands.

4. Core Business Lines

"Core Business Lines" are defined in the Final Rules as "those business lines in the covered company, including associated operations, services, functions and support, that in the view of the covered company, upon failure would result in a material loss of revenue, profit or franchise value to the covered company." Based on the above-listed criteria and further analysis, the Bank has determined that it had no Core Business Lines, banking or nonbanking, that were conducted in the U.S. as of December 31, 2014.

5. Financial Information Regarding Assets, Liabilities, Capital and Major Funding sources

Consolidated Balance Sheet of ABC Group as at December 31, 2014 in millions of RMB:

Assets	2014	2013
Cash and Balances with Central Banks	2,743,065	2,603,802
Deposits with Banks and other Financial Inst.	572,805	397,678
Precious Metals	20,188	19,185
Placements with and Loans to Banks and other FIs	407,062	308,655
Financial Assets Held for Trading	58,425	53,864
Financial Assets designated at Fair Value through P&L	356,235	269,018
Derivative Financial Assets	7,195	8,186
Financial Assets Held under Resale agreements	509,418	737,052
Loans and Advances to Customers	7,739,996	6,902,522
Available-for-sale Financial Assets	927,903	781,311
Held to Maturity Investments	1,710,950	1,523,815
Debt Instruments classified as Receivables	522,117	592,090
Investments in Associates and Joint Ventures	-	1
Property and Equipment	154,950	150,859
Goodwill	1,381	1,381
Deferred tax Assets	78,640	74,075
Other Assets	163,822	138,608
Total Assets	15,974,152	14,562,102

Liabilities

Borrowings from Central Bank	80,121	104
Deposits from Banks and Other FIs	831,141	729,354
Placements from Banks and other FIs	224,923	174,363
Financial Liabilities Held for Trading	25,211	20,805
Financial Liabilities designated at Fair Value through P&L	347,282	285,454
Derivative Financial Liabilities	7,240	7,635
Financial Assets Sold under Resale agreements	131,021	26,787
Due to Customers	12,533,397	11,811,411
Debt Securities Issued	325,167	266,261
Deferred tax liabilities	43	8
Other Liabilities	435,987	395,383
Total Liabilities	14,941,533	13,717,565

Equity

	<u>2014</u>	<u>2013</u>
Ordinary shares	324,794	324,794
Preference Shares	39,944	-
Capital Reserve	98,773	98,773
Investment Revaluation Reserve	3,118	(22,772)
Surplus Reserve	78,594	60,632
General Reserve	156,707	139,204
Retained Earnings	329,989	243,482
Foreign Currency Translation Reserve	(853)	(1,005)
<i>Equity Attributable to equity holders of the bank</i>	1,031,066	843,108

Non-Controlling interests	1,553	1,429
Total Equity	1,032,619	844,537
Total Equity & Liabilities	15,974,152	14,562,102

6. Description of derivative activities and hedging activities

The New York Branch uses derivatives in support of customer activities, and to hedge its own balance sheet position. Currently, derivatives include Foreign Exchange Forwards (“FX Forwards”) and Foreign Exchange Swaps, which are used to accommodate customer and hedging trades. The positive fair values of FX Forwards are recognized as assets, while negative fair values are recognized as liabilities. Liquidation accounting is used for these trading book positions, where both realized and unrealized gains and losses are stated through earnings. In May, 2015, the Branch used Interest Rate Swaps to convert fixed-rate Medium Term Notes issued to the market, to floating rate, to help reduce the cost of debt service. No other derivatives have been booked in the New York Branch.

7. Material Payment, Clearing and Settlement systems

The New York Branch is a direct participant in Fedwire Funds Services (“Fedwire”) and the Clearing House Interbank Payments System (“CHIPS”), which are both used in support of the Branch’s U.S. Dollar clearing business. Fedwire is a real-time gross settlement system owned and operated by the U.S. Federal Reserve Bank in which participants initiate payment orders that are individually processed and, once funds transferred, settled in central bank money in real time upon receipt. Settlement of funds is immediate, final and irrevocable.

CHIPS is the largest private-sector U.S. Dollar funds transfer system in the world. CHIPS is operated by The Clearing House.

The New York Branch is also a member of the Society for Worldwide Interbank Financial Telecommunication (“SWIFT”). SWIFT provides a network that enables financial institutions to send and receive secure, standardized and reliable messages to and from counterparties. On a limited basis, the New York Branch also uses custodian counterparties to access Depository Trust Corporation and other depositories or exchanges as needed.

8. Foreign Operations

The New York Branch currently represents the entire U.S. operations of the Bank. The New York Branch itself has no foreign operations legally connected to, or managed by it. The New York Branch cooperates with other overseas branches of the Bank, primarily related to money market activities, lending, trade finance, and correspondent banking activities.

The Bank operates several other overseas branches, specifically in Hong Kong, Singapore, Tokyo, Frankfurt, Seoul, Dubai, Sydney and Luxembourg. The Bank also has a bank subsidiary in each of London, Luxembourg and Moscow, as well as representative offices in Hanoi and Vancouver.

9. Identities of Material Supervisory Authorities

The Peoples Bank of China (“PBOC”) is China’s central bank and primary supervisor for anti-money laundering matters. It administers monetary policy and regulates financial institutions in China to ensure overall financial stability. It manages payment, clearing and settlement systems of the banking sector and oversees foreign exchange policies.

The China Banking Regulatory Commission (“CBRC”) is China’s primary bank supervisor and regulator. It is responsible for the comprehensive consolidated supervision of Chinese banking organizations.

The China Securities Regulatory Commission (“CSRC”) is the primary securities regulator of the Bank. It is responsible for the oversight of publicly traded companies and

the provision of custody services to investment funds.

The State Administration of Foreign Exchange (“SAFE”) supervises the Bank’s foreign exchange and settlement transactions.

The China Insurance Regulatory Commission (“CIRC”) is the Bank’s primary insurance regulator, overseeing the assurance business and insurance activities.

The Hong Kong Monetary Authority (“HKMA”) is responsible for maintaining monetary and banking stability in Hong Kong. It is responsible for regulating and supervising banking and deposit-taking in Hong Kong. The Bank has a branch operation in Hong Kong and is publicly listed on the Hong Kong Exchange (as well as Shanghai), and is therefore subject to the supervision of HKMA.

The New York Branch is a state-licensed, uninsured wholesale banking branch, and therefore is subject to the regulation and supervision of the New York State Department of Financial Services (“NYSDFS”).

The FRB and the Federal Reserve Bank of New York are the Bank’s federal supervisors in the U.S. and they supervise the New York Branch and subject the New York Branch to annual on-site examinations, either jointly with NYSDFS, or on alternating years in coordination with the schedules and priorities of NYSDFS.

10. Identities of the Principal Officers of the Group and New York Branch

Name	Title with ABC
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Executive Directors	
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Liu Shiyu	Chairman, Executive Director
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Cai Huaxiang	Executive Director, Executive Vice President
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Lou Wenlong	Executive Director, Executive Vice President
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Non-Executive Directors

Zhao Chao	Non-executive Director
Zhou Ke	Non-executive Director
Zhang Dinglong	Non-executive Director
Chen Jianbo	Non-executive Director
Hu Xiaohui	Non-executive Director
Xu Jiandong	Non-executive Director

Independent Non-Executive Directors

Frederick MA Si-hang	Independent Non-executive Director
WEN Tiejun	Independent Non-executive Director
Francis YUEN Tin-fan	Independent Non-executive Director
XIAO Xing	Independent Non-executive Director
LU Jianping	Independent Non-executive Director

Board of Supervisors

Yuan Changqing	Chairman of the Board of Supervisors
Wang Xingchun	Supervisor Representing Shareholders
Zheng Xin	Supervisor Representing Employees
Xia Zongyu	Supervisor Representing Employees
Xia Taili	Supervisor Representing Employees
Li Wang	External Supervisor
Lv Shuqin	External Supervisor

Senior Management

Cai Huaxiang	Executive Vice President
Gong Chao	Executive Vice President and Secretary of the Party
Discipline Committee	
Lou Wenlong	Executive Vice President
Wang Wei	Executive Vice President
Li Zhenjiang	Executive Vice President
Lin Xiaoxuan	Executive Vice President
Zhang Keqiu	Secretary to the Board of Directors

Principal Officers of New York Branch

Yu Ming	General Manager
Zhang Jijun	Deputy General Manager
Zhang Lu	Deputy General Manager
Joseph A. Franzese	Assistant General Manager & Chief Financial Officer
Rosalie Yee	Chief Compliance Officer
Zhang Jian	Head of Corporate Banking Department
Bao Liu	Head of Treasury Department
He Wei	Head of Operations Department
Rosalie Yee	Chief Compliance Officer
Liu Naji	Head of Administration Department
Li Renhua	Acting Head of Risk Management Department

11. Corporate Governance structure and processes related to resolution planning

The Bank currently has no nonbanking Material Entities, Core Business Lines or Critical Operations that are domiciled in the United States.

The Bank's Board of Directors ("ABC Board") may delegate its authority and oversight responsibilities to a specific manager or Committee. The ABC Board has delegated its authority to approve the Plan to Senior Management in-charge of the International Department at Head Office.

The Bank has created a Local Resolution Planning Team within the New York Branch that has developed the Resolution Plan approved by the Bank. The Bank and the Local Planning Team will monitor the Plan for additions, revisions and deletions as required. This Team is comprised of the General Manager, Chief Financial Officer, Chief Risk Officer, Chief Compliance Officer, and Deputy Head of the Finance Department. This Team will call on other parties such as the Head of Operations, the Head of Treasury, the Head of Corporate Banking, and the Head of Information Technology, to monitor the Plan. The General Manager has delegated authority to the Chief Financial Officer to conduct periodic meetings for the purpose of discussing resolution planning.

12. Management Information Systems (MIS)

The New York Branch utilizes a core banking system that is housed in China, supporting the New York Branch on a 24/7 basis. Technology support includes maintenance, daily operations, responding to emergencies, required systems fixes or enhancements, as well as ad-hoc requests. This system is modular in nature, meaning Loans, Money Market, FX, Trade Finance, and other modules all point to the General Ledger for fully integrated data. The system also utilizes multi-currency functionality, which states balances in original and base currency terms.

The New York Branch also has local servers to service systems supporting products

such as U.S. dollar clearing, compliance transaction monitoring and sanctions screening, as well as regulatory reporting. For those systems, in addition to the designated full time personnel, the New York Branch utilizes vendors or consultants to support ongoing requirements. For those systems externally owned by third party vendors, the New York Branch owns the source code in the event of vendor breakdown. Important vendors are also reviewed at least annually to ensure business continuity. Compliance systems are also subject to periodic reviews and validation.

The New York Branch also maintains a Business Continuity Plan (BCP) to ensure uninterrupted service in the event of disruptions to operations or systems. The BCP is tested, including by Head Office where required, in accordance with regulatory and industry standards, and its policies and procedures are updated to address issues identified during testing.

13. A description at high level of the U.S. Branch resolution strategy

As stated previously, the Bank does not have any nonbanking Material Entities, Core Business Lines or Critical Operations that are domiciled in the United States or conducted in whole or material part in the United States. As noted above, the New York Branch has formed a management team to address resolution planning. Because of the Bank's structure in the United States, any resolution will be conducted by the NYSDFS, and the Bank's strategy is to prepare and organize for such a resolution. This is explained in greater detail in the confidential section of this report.

There were no material changes to the New York Branch's business since submission of the last Resolution Plan.