



Bank of China Limited, New York Branch

CIDI Resolution Plan

Public Section

December 31, 2015

This document contains forward-looking statements. Statements that are not historical facts, including statements about Bank of China (the “Bank”) and the Bank’s New York Branch’s beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore undue reliance should not be placed on them. The forward-looking information contained in this document is presented for the purpose of interpreting the information contained herein and may not be appropriate for other purposes. Forward-looking statements speak only as of the date they are made, and the Bank and the Bank’s New York Branch undertake no obligation to update publicly any of them in light of new information or future events.

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INTRODUCTION

This U.S. Covered Insured Depository Institution Resolution Plan (“CIDI Resolution Plan”) of Bank of China, New York Branch (“BOCNY”) is being filed pursuant to implementing regulations issued by the Federal Deposit Insurance Corporation (“FDIC”) (12 CFR § 360.10) (the “CIDI Rule”), a regulation issued pursuant to the Federal Deposit Insurance Act (“FDI Act”).

Section 360.10(a) of the CIDI Rule requires insured depository institutions with \$50 billion or more in total assets to periodically submit to the FDIC a plan for the resolution of such institution in the event of its failure. Section 360.10(b)(4) of the CIDI Rule requires the submission of the plan when the average of an institution four most recent Reports of Condition and Income exceeds \$50 billion in assets. BOCNY, an FDIC-insured branch, exceeded \$50 billion in average total assets of the preceding four quarters during the quarter ending June 30, 2014. As a result, BOCNY is required to submit a CIDI Resolution Plan as outlined in the CIDI Rule.

BOCNY is the only branch of Bank of China Limited (the “Bank”) that has met the requirements to be subject to the CIDI Resolution Plan submission in 2015. As a result, this CIDI Resolution Plan is being submitted by BOCNY, which is the focus of this plan. BOCNY is a branch of the Bank and not a separate legal entity. BOCNY is a federally licensed FDIC-insured branch and one of the few grandfathered, FDIC-insured branches of foreign banks. BOCNY was licensed by the Office of the Comptroller of the Currency (“OCC”) in 1981. Since being licensed by the OCC, BOCNY has been based in Manhattan, New York. BOCNY specializes in corporate lending, international trade services, treasury business, USD clearing, and retail banking. Its clients are mainly from Chinese companies that pursue a “going-global” strategy in the U.S., U.S. Fortune 500 companies, and high net-worth and affluent individuals.

Overview of the Bank

Bank of China was formally established in February 1912. From 1912 to 1949, the Bank served consecutively as the country’s central bank, international exchange bank and specialized international trade bank. After the founding of People’s Republic of China, the Bank became responsible for managing China’s foreign exchange operations and provided support to the nation’s foreign trade development and economic infrastructure through its offering of international trade settlement, overseas fund transfer and other non-trade foreign exchange services. In 1994, the Bank transformed from a specialized foreign exchange bank into a state-owned commercial bank, and then incorporated as Bank of China Limited in August 2004. The Bank was listed on the Hong Kong Stock Exchange and Shanghai Stock Exchange in June and July 2006 respectively.

The Bank provides a comprehensive range of financial services to customers across the Chinese mainland, Hong Kong, Macau, Taiwan and 41 overseas countries. It is one of the largest banking

groups in China and is China's most international and diversified bank. As of December 31, 2014, the largest shareholder of the Bank was Central Huijin Investment Limited, an investment company owned by the Chinese Government. At that time, Central Huijin Investment Limited held 65.52% of Bank's equity. The Bank's core business is commercial banking, including corporate banking, personal banking and financial markets services. As of December 31, 2014, the Bank had total assets of over \$2.49 trillion. The Bank's total revenue for 2014 was approximately \$66.6 billion. In 2012, 2013, 2014 and 2015, the Bank was designated as a Global Systemically Important Bank ("G-SIB") by the Financial Stability Board, becoming the sole financial institution from emerging economies to be designated as a G-SIB for four consecutive years.

Overview of the Bank's U.S. Operations

The Bank's U.S. operations ("BOCUSA") include both banking and non-banking activities. BOCUSA conducts its banking operations in the United States through five federally licensed branches:

- BOCNY,
- Bank of China Queens Branch (the "Queens Branch"),
- Bank of China Chicago Branch ("BOCCH"),
- Bank of China Los Angeles Branch ("BOCLA"), and
- Nanyang Commercial Bank San Francisco Branch.

All five of the Bank's U.S. branches are licensed by the OCC. The Bank has two branches in New York: BOCNY and the Queens Branch. For purposes of this CIDI Resolution Plan, BOCNY is the only CIDI of the Bank because the Queens Branch does not meet the total asset threshold set forth in the CIDI Rule and is therefore not subject to the CIDI Resolution Plan submission requirement in 2015. Thus, as noted above, for this CIDI Resolution Plan, BOCNY is the only branch of the Bank that has met the requirements to be subject to the CIDI Resolution Plan submission in 2015.

In addition to the above banking operations of the Bank in the U.S., within the BOCUSA organization, there are three non-banking entities domiciled in the U.S.:

- BoC Aviation (U.S.A.) Corporation,
- BoC International (U.S.A.) Incorporated, and
- BoCI Commodities & Futures (U.S.A.) LLC.

Overview of the Resolution Plan

This CIDI Resolution Plan is intended to provide the FDIC with a comprehensive understanding of the organization, operations, and businesses of the CIDI (BOCNY) as well as provide a plan for the FDIC to resolve the institution in an orderly manner. The key building blocks of any resolution plan, therefore, are the identification of Material Entities (“ME”), Core Business Lines (“CBLs”), and Critical Services (“CS”) (each as defined in the CIDI Rule), if any, and a strategic analysis of resolution actions and impacts.

1. MATERIAL ENTITIES

Definition

A Material Entity (“ME”) is defined in the CIDI Rule as a company significant to the activities of a critical service or core business line.

Identification of *Material Entity*

For the purpose of this CIDI Resolution Plan, BOCNY has identified one Material Entity – the CIDI (BOCNY).

2. CORE BUSINESS LINES

Definition

CBLs are defined in the CIDI Rule as the business lines of the CIDI, including associated operations, services, functions and support that in the view of the CIDI, upon failure would result in a material loss of revenue, profit or franchise value.

Identification of *Core Business Lines*

For purposes of this CIDI Resolution Plan, BOCNY has identified three CBLs in its U.S. operations – Corporate Banking, Treasury, and Payment Settlement/Clearing Services (“PSCS”). Corporate Banking comprises the vast majority of the U.S. operations of BOCNY. Corporate Banking includes the following three businesses:

- Trade Finance,
- Corporate Loans, and
- Financial Institution Services.

3. CONSOLIDATED FINANCIAL INFORMATION REGARDING ASSETS, LIABILITIES, CAPITAL AND MAJOR FUNDING SOURCES

The following table shows the assets and liabilities of BOCNY as of December 31, 2014. As of that date BOCNY had approximately \$61.14 billion of total assets under U.S. Generally Accepted Accounting Principles (“GAAP”).

BOCNY Balance Sheet as of December 31, 2014	
Assets	(USD Millions)
Balance with Fed	\$42,630
Due From Banks - Affiliate	\$6,795
Due From Banks - Third Party	\$1,684
Loans	\$16,107
Syndications	\$3,099
Time	\$2,957
Mortgage	\$4,513
Trade Finance	\$5,538
Securities	\$1,592
BOLI	\$161
Other Assets	\$184
Total assets	\$69,144
Liabilities	
Due to Banks	\$54,325
Customer Deposits	\$3,967
Demand, MM, & Savings	\$2,781
Time Deposits	\$1,186
Brokered Deposits	\$9,883
Equity	\$662
Other Liabilities	\$307
Total liabilities	\$69,144

Source: BOCNY Balance Sheet as of December 31, 2014

Capital

BOCNY utilizes a centralized model for capital, funding, and liquidity management for its banking operations that ensures optimal funding efficiency and control. The centralized model results in funds being overseen and managed by Treasury Department (“TRD”) which is part of BOCNY, allowing BOCNY to be self-sufficient. However, BOCNY provides funding operations to U.S. branches and provides U.S. dollar funding based on business requirements to the Bank’s other foreign branches and affiliates. It also manages the liquidity for the Bank’s other U.S. branches.

As a U.S. branch of a foreign bank, BOCNY is not a separate legal entity and thus does not maintain capital separately from the Bank. Instead, it relies on the Bank’s head office to maintain a sufficient level of level of capital at the Bank level in accordance with applicable regulations. However, BOCNY is subject to various asset pledge and asset maintenance requirements from U.S. regulators.

Major Funding Sources

BOCNY is primarily self-funded under both normal and stress conditions. It provides funding to and manages liquidity for BOCLA and BOCCH. Additionally, BOCNY is designated as the U.S. dollar funding pool within the Bank's global operations and arranges U.S. dollar funding for other overseas branches and the Bank's head office on a case-by-case basis. BOCNY is mainly funded by deposits from various sources, including deposits from major financial institutions in China, deposits from the Bank's other foreign branches or affiliates, brokered CDs, and deposits from corporates and individuals.

4. DERIVATIVE ACTIVITIES AND HEDGING ACTIVITIES

BOCNY and its affiliated branches only conduct derivative trades for the purpose of hedging. Most of BOCNY's hedging activity is undertaken to accommodate the needs of commercial banking customers for interest rate and foreign exchange transactions. However, some interest rate and foreign exchange positions are established using derivatives and other on-balance sheet instruments with the objective of earning a profit from favorable movements in market rates or managing market risk by avoiding unexpected losses due to changes in market prices.

5. MEMBERSHIPS IN MATERIAL PAYMENT, CLEARING AND SETTLEMENT SYSTEMS

BOCNY utilizes payment, clearing and settlement systems to support a variety of business functions. The major payment, clearing and settlement systems in which BOCNY is a member are listed below.

Clearing House Interbank Payments System ("CHIPS")	U.S. dollar clearing house.
Federal Reserve Wire Network ("FedWIRE")	U.S. dollar settlement system.
Global Payment System ("GPS")	Funds transfer and payment processing system.
Society for Worldwide Interbank Financial Telecommunication ("SWIFT")	Global financial payment and messaging service system by SWIFT.

6. FOREIGN OPERATIONS

The Bank provides a comprehensive range of financial services to customers across the Chinese mainland, Hong Kong, Macau, Taiwan and 41 overseas countries. As a U.S. branch of a foreign bank, BOCNY is not a separate legal entity from the Bank and does not itself maintain any foreign operations.

7. MATERIAL SUPERVISORY AUTHORITIES

As an OCC-licensed, FDIC-insured branch of a foreign bank, BOCNY is subject to supervision and examination by several material U.S. supervisory authorities, including the OCC, the FDIC and the Board of Governors of the Federal Reserve System (the “FRB”). The OCC, which is BOCNY’s prudential regulator for safety and soundness, is its primary federal regulatory. The FDIC insures and regulates BOCNY’s deposit taking activities, and the FRB promulgates rules regulating BOCNY’s reserves and certain other matters relating to the U.S. operations of the Bank, including BOCNY. In addition, the Consumer Financial Protection Bureau regulates BOCNY’s consumer financial products and services.

8. PRINCIPAL OFFICERS

The following tables identify key management and department management personnel for BOCNY’s U.S. operations:

BOCNY’s Key Management Personnel	
Name	Title
Chen Xu	President and CEO of BOCUSA
Tong Yu	Executive Vice President, Chief Operating Officer of BOCUSA and General Manager of America Data Center (“ADC”)
Dong Yuan	Executive Vice President, Chief Financial Markets Officer of BOCUSA
Haifeng Xu	Executive Vice President, Chief Lending Officer of BOCUSA
Wenjian Fang	Executive Vice President, Chief Risk Officer of BOCUSA, Chief Compliance Officer of BOCUSA

Source: BOCNY Management September, 2015

BOCNY’s Department Management Personnel		
Name	Department	Title
Wenping Fu	Banking Department	Senior Vice President
Hong Liu	Clearing Department	Senior Vice President
Xunxun (Grace) Li	Corporate Banking Department	Senior Vice President
Yifei Cheng	Executive Office	Senior Vice President
Haiying Zhang	Financial Institutions Department	Senior Vice President
Min Li	Financial Management Department	Senior Vice President
Alan Wong	Human Resources Department	Senior Vice President
Hao Wang	Internal Audit Department	Senior Vice President
Jianyu Li	Legal & Compliance Department	Senior Vice President
Yanxin Liu	Market Risk Management Department	Senior Vice President
Junhong Mao	Operational Service Department	Senior Vice President
Ernest Li	Operational Risk & Information	Senior Vice President

	Management Department	
Xia Yu	Risk Management Department	Senior Vice President
Xiaojun Huang	Strategy & Research Department	Senior Vice President
Yuanmeng Xiong	Trade Services Department	Senior Vice President
Xu Liu	Treasury Department	Senior Vice President

9. CORPORATE GOVERNANCE STRUCTURE AND RESOLUTION PLANNING PROCESS

BOCNY has established a governance framework at both the Bank level and BOCNY operations level to ensure that all aspects of resolution planning receive appropriate attention by the designated Board of Directors. The governance process used for the CIDI Resolution Plan is similar to the one used for the Bank’s 165(d) Resolution Plan (together with the CIDI Resolution Plan, the “U.S. Resolution Plans”). The use of a similar governance process for the U.S. Resolution Plans allows for the members of the governance bodies to develop a strong understanding of resolution planning requirements as well as the process at BOCNY. The governance framework establishes the roles and responsibilities of committees for the global and local management of resolution planning.

BOCNY has a multi-tiered corporate governance structure with respect to resolution planning. Consequently, policies, procedures, and internal controls governing the preparation and approval of the CIDI Resolution Plan must be discussed at each level of the corporate governance structure.

Jianyu (Jerry) Li, the head of BOCNY’s Legal & Compliance Department is the management official responsible for overseeing the development, maintenance, implementation, filing, and compliance with the CIDI Resolution Plan requirements.

In addition, the following governance bodies have oversight responsibilities:

- Bank of China Limited Board of Directors;
- U.S. Risk Committee, a subcommittee of the Board of Directors; and
- U.S. Resolution Planning Steering Committee (the “Steering Committee”).

The preparation of the 2015 CIDI Resolution Plan is managed by the BOCUSA Office of U.S. Resolution Planning (“RP Office”). The RP Office is responsible for establishing a comprehensive governance and management process to execute the creation and maintenance of the CIDI Resolution Plan required to be filed by BOCNY.

Throughout preparation and development of the CIDI Resolution Plan, the RP Office provides periodic upstream reporting to the Steering Committee, and solicits feedback and approvals as necessary.

The preparation of the 2015 CIDI Resolution Plan commenced by the RP Office requesting applicable data from various businesses and functions. During the data gathering period, the RP Office liaised with external consultants and legal counsel as well as the representative from each

business or function to define, collect, and analyze applicable data/information as per the regulatory requirements.

The development of this CIDI Resolution Plan was an iterative process involving frequent consultation with all relevant governance bodies and senior management within the U.S. operations.

In its capacity, the Board of Directors, chaired by Mr. Guoli Tian, is the most senior management body of the Bank. Since BOCNY is a branch of the Bank, the Board of Directors, together with the U.S. Risk Committee, a sub-committee of the Board of Directors, located in Beijing, China, is ultimately responsible for evaluating and approving BOCNY's CIDI Resolution Plan.

The Steering Committee is a U.S. management committee established for U.S. resolution planning purposes and has primary responsibility for overseeing the development, maintenance, implementation, and filing of the BOCNY's U.S. CIDI Resolution Plans.

BOCNY's CIDI Resolution Plan involved a governance framework at both the BOCNY and the Bank level to ensure that all aspects of CIDI Resolution Planning receive appropriate attention by necessary parties. The governance framework establishes the roles and responsibilities of committees for the global and local management of resolution planning.

10. MATERIAL MANAGEMENT INFORMATION SYSTEMS

BOCNY utilizes management information systems ("MIS") to support a variety of business functions. These systems include applications to conduct business activities across all financial products, as well as generate accounting, financial, operations, regulatory and risk management reports. Systems and applications are essential for effective operations and are managed through a best practices business continuity approach. Some of the systems and applications are directly purchased from other third-party vendors, or have been developed internally and are supplemented with third-party vendors.

ADC and the Operational Service Department ("OSD") provide MIS support. Through an analysis of a Business Impact Assessment and BOCNY's key systems and applications, ADC, in conjunction with OSD, determines the appropriate recovery measures to ensure MIS capabilities.

11. HIGH-LEVEL OVERVIEW OF RESOLUTION STRATEGY

The FDIC's Guidance for Insured Depository Institution Resolution Plan Submissions, issued in December 2014 (the "CIDI Resolution Plan Guidance") expects, at a minimum, that each CIDI Resolution Plan analyze and discuss a range of realistic resolution strategies. Specifically, the CIDI Resolution Plan Guidance expects that, at a minimum, each CIDI include in its analysis and discussion at least one strategy that primarily involves the separation and sale of the CIDI's deposit franchise, core business lines and/or major assets to multiple acquirers ("Multiple Acquirer Strategy"), and one strategy that involves the liquidation of the CIDI, including a payout of insured deposits ("Liquidation Strategy"). The CIDI Resolution Plan Guidance expects CIDs to

discuss at least one Multiple Acquirer Strategy that involves the recapitalization of a portion of the CIDI through single or multiple IPO transactions.

Among CIDs that are subject to the resolution planning requirements of the CIDI Rule, BOCNY is different from all other CIDs in that it is the only CIDI that is a branch of a foreign bank. As a branch of a foreign bank, BOCNY is not a separate legal entity. Instead, BOCNY is an office of the Bank. Because BOCNY is a branch rather than a separate legal entity, BOCNY has determined that Multiple Acquirer Strategies, including those involving purchase and assumption transactions, initial public offering transactions, or a combination of such transactions, each present a number of potential challenges and considerations. However, in accordance with the expectations set forth in the CIDI Resolution Plan Guidance, BOCNY has also considered potential Multiple Acquirer Strategies.

Under the Liquidation Strategy, BOCNY would pursue an orderly liquidation of its assets. As an FDIC-insured branch of a foreign bank, resolution of BOCNY would primarily involve the OCC appointing the FDIC as receiver under the International Banking Act of 1978 (“IBA”) and a liquidation of the branches by the FDIC under the FDI Act and FDIC regulations. Upon being appointed as receiver of a federal branch of a foreign bank, the FDIC shall take possession of all property and assets of BOCNY, and the FDIC shall exercise the same rights, privileges, power and authority over such U.S. property of BOCNY as are exercised by receivers of national banks appointed by the OCC. The FDIC has several statutory options to choose from in resolving the branch in a manner that protects insured depositors and the FDIC Deposit Insurance Fund, and the option chosen by the FDIC will depend on the circumstances at the time.

As is the case with the Liquidation Strategy, resolution of BOCNY under a Multiple Acquirer Strategy would commence with the OCC appointing the FDIC as receiver under the IBA. A proposed Multiple Acquirer Strategy would involve the establishment by the FDIC of a “bridge” bank pursuant to its authority under the FDI Act. BOCNY contemplates that the FDIC would transfer some of the assets and liabilities of BOCNY to the bridge bank. Following such transfers, the FDIC would pursue a permanent resolution of the bridge bank through one or more purchase and assumption transactions, sale of the stock of the bridge bank, or through other methods authorized under the FDI Act. BOCNY assets and liabilities not transferred to the bridge bank by the FDIC would be liquidated in a manner similar to the process under a Liquidation Strategy.