



Bank of Communications Co., Ltd.

Tailored Resolution Plan 2016

Reduced Plan

Public Section

1. Introduction

Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 requires systemically important financial institutions that conduct business in the United States to file resolution plans with U.S. regulators. Section 165(d) has been implemented through regulations of the Board of Governors of the Federal Reserve System (the “Federal Reserve”) and the Federal Deposit Insurance Corporation (the “FDIC”) that require a foreign-based covered company to provide detailed information about its entities and activities in the United States, including the process by which those entities and activities would be resolved in the event of the company’s material distress or failure (the “Regulations”).¹

Pursuant to the Regulations, the Bank of Communications Co., Ltd. (“BoCom” or the “Bank”) has developed a tailored resolution plan (the “U.S. TRP”). The Regulations direct that the U.S. TRP focus on BoCom’s U.S. nonbanking operations. The following discussion provides interested members of the public with an overview of the key elements of BoCom’s U.S. TRP.

2. BoCom and its U.S. Operations

BoCom, the covered company for purposes of this U.S. TRP, is organized under the laws of the People’s Republic of China (the “PRC”) and is the fifth largest bank in China. The top three institution shareholders of BoCom are Ministry of Finance (26.53%), The Hong Kong and Shanghai Banking Corporation Limited (19.03%), and National Council for Social Security Fund (14.47%).

BoCom maintains two U.S. branches: the New York Branch (“BoCom NY”) and the San Francisco Branch (“BoCom SF” and together, the “Branches” or “U.S. operations”). Both are federally-licensed branches, supervised and regulated by the Office of the Comptroller of the Currency (the “OCC”).

Apart from the Branches, BoCom does not maintain other U.S. entities—material or not material.² Also, BoCom does not have any critical operations³ or core business lines⁴ located or conducted in the United States.

3. Core Business Lines

BoCom does not have core business lines as defined by the Regulations located or conducted in the United States. The U.S. operations’ main business lines are commercial lending, USD clearing, trade settlement and financing, security investment and inter-bank placement provided by BoCom NY and BoCom SF.

4. Summary of Assets, Liabilities, Capital and Major Funding Sources

The following provides an overview of the assets, liabilities, capital and funding, and liquidity sources used by BoCom’s U.S. operations. For additional information about BoCom’s assets, liabilities, capital and major

¹ See generally 12 C.F.R. pt. 243.

² The Regulations define “material entity” to mean a subsidiary or foreign office of the covered company that is significant to the activities of a critical operation or core business line (12 C.F.R. 243.1(l)).

³ The Regulations define “critical operations” to mean those operations of a covered company, the failure of which would post a threat to the financial stability of the United States (12 C.F.R. 243.1(g)).

⁴ “Core business line” is defined in the Regulations as “...those business lines of the covered company, included 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” (12 C.F.R. 243.1(d)).

funding sources, please refer to BoCom's Annual Report.⁵ A balance sheet of BoCom as of December 31, 2015, is attached as Exhibit A.

(a) Assets

The U.S. operations hold several types of assets, including security and loan portfolios, cash, and balance due from related and third party depository institutions.

(b) Liabilities

The major liabilities of the U.S. operations consist of uninsured deposits, federal funds purchased, and borrowings from Head Office and third party banks. These liabilities are mostly short-term in nature, with maturities not exceeding 364 days.

(c) Capital

BoCom monitors and maintains capital on a group-wide basis. A sufficient amount of capital is maintained to support the group's operations. For additional information on BoCom's capital, please refer to the BoCom's Investor Relation's webpage.⁶

In addition, the Branches maintain a capital equivalency deposit with a major U.S. bank.

(d) Funding and Liquidity

Funding and liquidity for the U.S. operations are managed in accordance with BoCom's group-wide policies and procedures. These standards have been incorporated into the U.S. operations' local policies and procedures. The U.S. policies and procedures require the U.S. operations to provide information to BoCom for purposes of reports including those for cash flow, loan growth and liquidity risk analysis.

The U.S. operations are able to draw on a variety of funding sources. In normal market conditions, the Branches are funded mostly through borrowings, either from Head Office or third party banks, and the issuance of CDs.

5. Derivatives and Hedging Activities

The Branches currently do not engage in derivatives activities.

6. Financial Market Utilities

The following table enumerates the memberships in Financial Markets Utilities of BoCom and the Branches used to conduct a material number or value amount of trades or transactions in connection with the U.S. operations:

| FMU | Functionality | Member |
|-------|-----------------------|----------|
| CHIPS | Payments and Clearing | BoCom NY |

⁵ The Annual Report is available at http://www.bankcomm.com/BankCommSite/shtml/zonghang/en/3182/3195/3196/list_1.shtml?channelId=3182

⁶ Available at <http://www.bankcomm.com/BankCommSite/shtml/zonghang/en/3182/3623/list.shtml?channelId=3623>

| FMU | Functionality | Member |
|--|-------------------------|--|
| Depository Trust and Clearing Corporation | Settlement and Clearing | Through JPMorgan Chase and Bank of China for securities settlement; Through BNY Mellon for CD |
| FedWire | Payments and Clearing | BoCom NY |
| Government Securities Clearing Corporation | Settlement and Clearing | Through JPMorgan Chase and Bank of China for securities settlement |
| SWIFT Alliance | Payments and Messaging | BoCom NY BoCom SF |

7. Foreign Operations

By the end of 2015, BoCom had 230 domestic branches, comprising 30 tier-1 branches, 7 branches directly managed by the Head Office and 193 tier-2 branches. It has also established 3,141 banking outlets in 235 prefecture-level cities or above and 171 county-level cities nationwide. In addition, the Bank has set up 15 overseas institutions and 1 representative office, comprising branches in Hong Kong, New York, San Francisco, Tokyo, Singapore, Seoul, Frankfurt, Sydney, Macau, Ho Chi Minh City, Brisbane, and Taipei, the Bank of Communications (UK) Co., Ltd in London, Bank of Communications (Luxembourg) Limited and Toronto Representative Office.

8. Material Supervisory Authorities

| Entity | Primary Supervisory Agency |
|---------------|--|
| BoCom | CBRC and PBOC |
| BoCom | Board of Governors of the Federal Reserve System |

9. Executives and Management

The U.S. operations are run according to the policies and procedures set by BoCom's Senior Management and management committees. The table below identifies the members of the BoCom Board of Directors, as of December 15, 2016 :

| BoCom Board of Directors | |
|---------------------------------|---|
| Name | Title |
| Niu Ximing | Chairman, Executive Director |
| Peng Chun | Vice Chairman, Executive Director, President |
| Peter Wong Tung Shun | Vice Chairman ,Non-executive Director |
| Yu Yali | Executive Director, EVP |
| Hou Weidong | Executive Director, EVP,CIO |
| Hu Huating | Non-executive Director |
| Wang Taiyin | Non-executive Director |
| Liu Changshun | Non-executive Director |
| Helen Wong Pik Kuen | Non-executive Director |
| Liu Hanxing | Non-executive Director |
| Luo Mingde | Non-executive Director |
| Liu Haoyang | Non-executive Director |
| Peter Hugh Nolan | Independent Non-executive Director |
| Chen Zhiwu | Independent Non-executive Director |
| Yu Yongshun | Independent Non-executive Director |
| Li Jian | Independent Non-executive Director |
| Liu Li | Independent Non-executive Director |
| Yeung Chi Wai | Independent Non-executive Director |

The table below identifies the members of the BoCom Senior Management, as of December 15, 2016:

| BoCom Senior Management | |
|--------------------------------|---|
| Name | Title |
| Peng Chun | President |
| Yu Yali | EVP |
| Shou Meisheng | Commissioner of Discipline Inspection |
| Hou Weidong | EVP & CIO |
| Yang Dongping | CRO |
| Shen Rujun | EVP |
| Wang Jiang | EVP |
| Du Jianglong | Secretary of the Board of Directors |
| Wu Wei | CFO |
| Ng Siu On | Senior Management Member, BoCom-HSBC Strategic Cooperation Consultant |

10. Description of Corporate Governance Structure and Processes Related to Resolution Planning

BoCom has formed at Head Office a Recovery and Resolution Working Group (the “RRPG”), which is responsible for developing and regularly updating the Bank’s group-wide Recovery and Resolution Plan (“RRP”). The 2016 revised edition of RRP has been approved in October 2016.

BoCom NY has established a U.S. Resolution Committee, which is responsible for the development, maintenance, and periodic updating of the TRP for the U.S. operations. The U.S. Resolution Committee prepares the TRP for the U.S. operations in accordance with applicable laws, regulations, and any regulatory guidance and submits the U.S. TRP annually to the International Banking Department at Head Office.

The International Banking Department at Head Office is responsible for reviewing the U.S. TRP and ensuring that it is integrated into the corporate governance structure of BoCom and does not contain elements which would be contradictory to BoCom’s corporate governance structure or its RRP. The International Department at Head Office is responsible for ensuring that adequate policies and procedures are in place and that the U.S. TRP is reviewed by people responsible for risk management, compliance, IT, and legal, and for submitting the final U.S. TRP to the RRPG.

11. Description of Material Management Information Systems

The Branches maintain several core banking systems in order to maintain core accounting systems, including general ledger and online service, global treasury management , and reporting.

Further, the Branches Senior Management and Head Office are provided on daily, monthly, quarterly or annual basis with key financial reports to monitor the financial health, risks, and the U.S. operations and compare the Branches' performance against BoCom's Strategic Plan for the U.S. operations.

12. Resolution Summary

BoCom provides certain information systems and services to the Branches. The Branches have identified which systems are critical for the U.S. operations, and addressed how the lack of support for those systems could impact the U.S. operations or could be substituted.

Exhibit A

CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(All amounts expressed in millions of RMB unless otherwise stated)

| | Notes | As at 31 December 2015 | As at 31 December 2014 |
|--|-------|------------------------------|------------------------------|
| ASSETS | | | |
| Cash and balances with central banks | 15 | 920,228 | 938,055 |
| Due from banks and other financial institutions | 16 | 611,191 | 525,033 |
| Financial assets at fair value through profit or loss | 17 | 173,309 | 133,802 |
| Loans and advances to customers | 19 | 3,634,568 | 3,354,787 |
| Financial investments – loans and receivables | 20 | 323,679 | 211,588 |
| Financial investments – available-for-sale | 20 | 264,739 | 210,016 |
| Financial investments – held-to-maturity | 20 | 933,683 | 635,570 |
| Investment in associates | 22 | 577 | 547 |
| Property and equipment | 23 | 90,393 | 69,767 |
| Deferred income tax assets | 24 | 16,684 | 16,077 |
| Other assets | 25 | 186,311 | 173,057 |
| Total assets | | 7,155,362 | 6,268,299 |
| LIABILITIES | | | |
| Due to banks and other financial institutions | 26 | 1,641,239 | 1,408,275 |
| Financial liabilities at fair value through profit or loss | 27 | 62,461 | 38,580 |
| Due to customers | 28 | 4,484,814 | 4,029,668 |
| Certificates of deposits issued | 29 | 89,265 | 38,601 |
| Current tax liabilities | | 8,604 | 7,852 |
| Deferred income tax liabilities | 24 | 119 | 32 |
| Debt securities issued | 30 | 170,106 | 129,547 |
| Other liabilities | 31 | 160,662 | 142,139 |
| Total liabilities | | 6,617,270 | 5,794,694 |
| EQUITY | | | |
| Share capital | 32 | 74,263 | 74,263 |
| Preference shares | 33 | 14,924 | – |
| Capital surplus | 32 | 113,392 | 113,496 |
| Other reserves | | 259,208 | 211,471 |
| Retained earnings | | 73,098 | 71,825 |
| Equity attributable to shareholders of the bank | | 534,885 | 471,055 |
| Non-controlling interests | | 3,207 | 2,550 |
| Total equity | | 538,092 | 473,605 |
| Total equity and liabilities | | 7,155,362 | 6,268,299 |

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 29 March 2016 and signed on its behalf by:

Chairman and Executive Director: Niu Ximing Vice Chairman, Executive Director and President: Peng Chun

The accompanying notes form a part of these consolidated financial statements.