



Bank of China Limited

U.S. Resolution Plan

Public Section

December 31, 2013

This document contains forward-looking statements. Statements that are not historical facts, including statements about Bank of China'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 Bank of China undertakes no obligation to update publicly any of them in light of new information or future events.

TABLE OF CONTENTS

INTRODUCTION	3
OVERVIEW OF THE BANK	3
OVERVIEW OF THE BANK'S U.S. OPERATIONS	4
OVERVIEW OF THE RESOLUTION PLAN	6
1. CORE BUSINESS LINES	6
2. MATERIAL ENTITIES.....	6
3. CONSOLIDATED FINANCIAL INFORMATION REGARDING ASSETS, LIABILITIES, CAPITAL AND MAJOR FUNDING SOURCES.....	7
CAPITAL.....	7
MAJOR FUNDING SOURCES	8
4. DERIVATIVE ACTIVITIES AND HEDGING ACTIVITIES	8
5. MEMBERSHIPS IN MATERIAL PAYMENT, CLEARING AND SETTLEMENT SYSTEMS.....	8
6. FOREIGN OPERATIONS	9
7. MATERIAL SUPERVISORY AUTHORITIES.....	10
HOME COUNTRY AUTHORITIES.....	10
HOST AUTHORITIES.....	10
8. PRINCIPAL OFFICERS	11
9. CORPORATE GOVERNANCE STRUCTURE AND RESOLUTION PLANNING PROCESS.....	11
10. MATERIAL MANAGEMENT INFORMATION SYSTEMS	13
11. RESOLUTION STRATEGY.....	13

INTRODUCTION

The U.S. Resolution Plan of Bank of China Limited (the “Bank”) is being filed pursuant to implementing regulations (the “Final Rule”) issued by the Board of Governors of the Federal Reserve System (“FRB”) (12 CFR Part 243) and the Federal Deposit Insurance Corporation (“FDIC”) (12 CFR Part 381) pursuant to Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”).

Section 165(d) and the Final Rule specify that any foreign bank that is treated as a bank holding company under Section 8(a) of the International Banking Act of 1978 (the “IBA”) and has \$50 billion or more in global total consolidated assets is a “Covered Company” for purposes of Section 165(d) and the Final Rule. A Covered Company is required to periodically submit to the FRB and FDIC a plan for such company’s 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 (“PRC”). Because the Bank maintains branch offices in the United States (described below), the Bank is treated as a bank holding company under Section 8(a) of the IBA. The global total consolidated assets of the Bank, including its U.S. operations, exceeded \$50 billion as of December 31, 2012. As a result, the Bank is a Covered Company and is required to file a U.S. Resolution Plan under Section 165(d) and the Final Rule.

As required by the Final Rule, this document constitutes the Public Section of the Bank’s U.S. Resolution Plan.

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 specialised international trade bank. After the founding of PRC, 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 specialised 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 37 overseas countries. It is one of the largest banking groups in China and is China’s most international and diversified bank. In 2012, the Bank celebrated its 100th anniversary. The largest shareholder of the Bank is Central Huijin Investment Limited, an investment company owned by PRC government. As of December 31, 2012, it held

67.72% of the Bank's equity. The second largest identifiable shareholder of the Bank is National Council for Social Security Fund. As of December 31, 2012, it held 2.99% of the Bank's equity. The remaining interests were held by other public shareholders. The Bank's core business is commercial banking, including corporate banking, personal banking and financial markets services. As of December 31, 2012, the Bank had total assets of \$2.0 trillion. The Bank's total revenue for 2012 was \$58.8 billion. In 2011, 2012 and 2013, the Bank was designated as a Global Systemically Important Financial Institution by the Financial Stability Board.

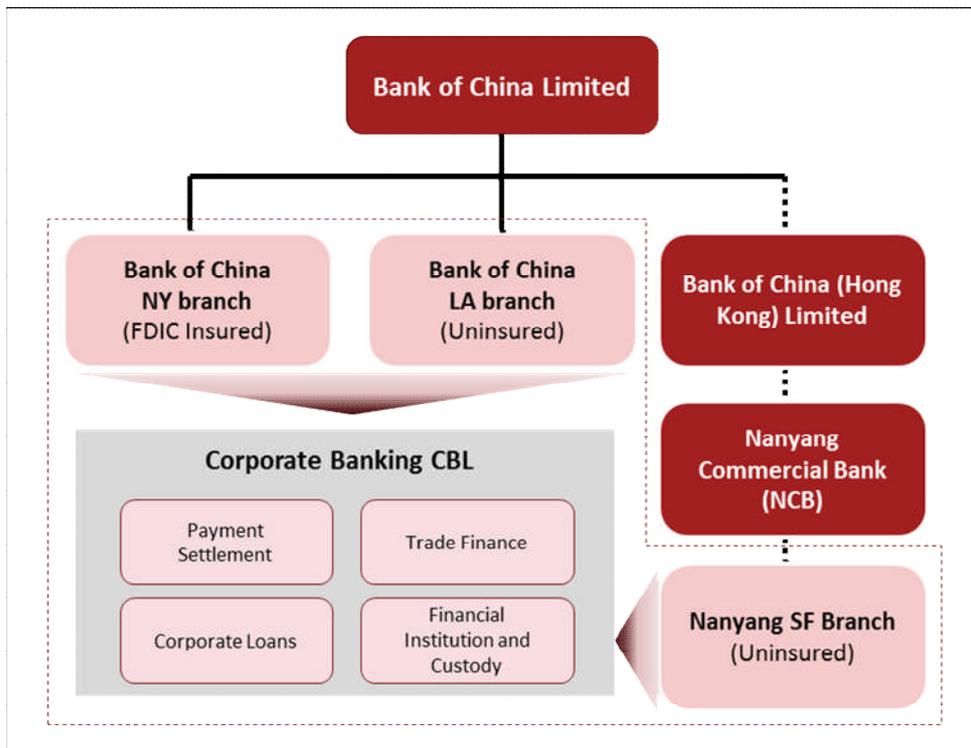
Overview of the Bank's U.S. Operations

The Bank conducts its banking operations in the United States through five federally licensed branches:

- Bank of China New York Branch ("Midtown Branch"),
- Bank of China New York Chinatown Branch ("Chinatown Branch"),
- Bank of China Chicago Branch ("BOCCH"),
- Bank of China Los Angeles Branch ("BOCLA") and
- Nanyang Commercial Bank San Francisco Branch ("NCBSF").

Bank of China has two branches located in New York, NY: the Midtown branch and the Chinatown branch. The Midtown Branch and the Chinatown Branch are FDIC insured branches. For US Resolution planning purposes, the Midtown Branch and the Chinatown Branch have been combined and are referred to as "BOCNY", unless otherwise specified. As of December 31, 2012, Bank of China Chicago Branch was licensed by the Office of the Comptroller of the Currency ("OCC") but did not open until March 2013.

The US banking operations of Bank of China as of December 31, 2012 are depicted below:



Within the Bank's organization, there are three nonbanking entities domiciled in the United States:

- BoC Aviation (U.S.A.) Corporation ("BOCA"),
 - Business: aircraft leasing;
 - Total assets as of December 31, 2012: \$2.2 billion
- BoC International (U.S.A.) Incorporated ("BOCI"),
 - Business: investment brokerage;
 - Total assets as of December 31, 2012: \$1.2 million
- BoCI Commodities & Futures (U.S.A.) LLC ("BOCI C&F")
 - As of the year ended December 31, 2012, BOCI C&F was licensed by the U.S. Commodity Futures Trading Commission as a Futures Commission Merchant and a member of the National Futures Association ("NFA"), but was inactive and conducted no operations in the United States.

Overview of the Resolution Plan

The key building blocks of the Bank's U.S. Resolution Plan are the identification of Core Business Lines, Critical Operations, and Material Entities (each as defined in the Final Rule), if any, and the determination of whether any such Core Business Lines, Critical Operations, or Material Entities are within the scope of the requirements of the Final Rule.

1. CORE BUSINESS LINES

Definition

Core Business Lines ("CBLs") are defined in the Final Rule as the business lines of the Covered Company which are conducted in whole or material part in the U.S., and the failure of which would result in a material loss of revenue, profit or franchise value to the Covered Company.

Identification of *Core Business Lines*

For purpose of this Resolution Plan, the Bank has identified one Core Business Line in its U.S. operation – Corporate Banking. Corporate Banking ("CB") comprises the vast majority of the U.S. operations and includes the following four businesses:

- Payment Settlement,
- Trade Finance,
- Corporate Loans, and
- Financial Institution and Custody.

2. MATERIAL ENTITIES

Definition

Material Entities ("MEs") are defined as a subsidiary or foreign office of the Covered Company that is significant to the activities of a Critical Operation or Core Business Line.

Identification of *Material Entity*

For purpose of the U.S. Resolution Plan, the Bank has identified one Material Entity – BOCNY, which is comprised of the Bank of China Midtown Branch and Chinatown Branch. The Bank has determined that it has no U.S. nonbanking Material Entities.

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

Consolidated Statement of Financial Position

As at 31 December 2012 (Amount in millions of Renminbi, unless otherwise stated)

The following summarizes the consolidated statement of financial position of the Bank as at December 31, 2012, presented in accordance with International Financial Reporting Standards (“IFRS”).

BoC Consolidated Financials as of December 31, 2012	
Results of operations	(in RMB million)
Net interest income	256,964
Non-interest income	109,212
Operating income	366,176
Operating expenses	(160,022)
Impairment losses on assets	(19,387)
Operating profit	186,767
Profit before income tax	187,380
Profit for the year	145,522
Profit attributable to equity holders of the Bank	139,432
Total dividend	N.A.
Financial position	
Total assets	12,680,615
Loans, gross	6,864,696
Allowance for loan impairment losses	(154,656)
Investment securities	2,210,524
Total liabilities	11,819,073
Due to customers	9,173,995
Capital and reserves attributable to	
Equity holders of the Bank	824,677
Share capital	279,147

Source : Bank of China Limited 2012 Annual Report

Capital

The Bank utilizes a centralized model for capital, funding and liquidity management that ensures optimal global efficiency and control. BOCNY provides funding operations to U.S. branches and provides U.S. dollar funding based on business requirements to other Bank of China foreign branches and affiliates. It also manages the liquidity for other U.S. branches.

The CBRC requires each bank or banking group to maintain a ratio of total regulatory capital to its risk-weighted assets at or above the agreed minimum of 8%, and a core capital ratio of above 4%. The minimum leverage ratio of each bank or banking group is 4%.

The table below summarizes the capital adequacy ratios and leverage ratio of the Bank as at 31 December 2012. The Bank complied with the externally imposed capital and leverage ratio requirements to which it is subject.

	<u>As at 31 December 2012</u>
Capital adequacy ratio	13.63%
Core capital adequacy ratio	10.54%
Leverage ratio	5.15%

The capital adequacy ratios and leverage ratio above are calculated in accordance with the rules and regulations promulgated by the CBRC and generally accepted accounting principles of PRC ("CAS").

Major Funding Sources

BOCNY is self-funded under both normal and stress conditions. It provides funding to and manages liquidity for BOCLA and BOCCH. Additionally, BOCNY, designated as the U.S. dollar funding pool within the Bank's global operations, arranges U.S. dollar funding for other overseas branches and Head Office on a case-by-case basis. BOCNY is mainly funded by deposits from various third parties in China as well as in the United States.

Also, the Bank has majority-owned banking subsidiary (Nanyang Commercial Bank Limited ("NCB")) that has a branch in San Francisco of the United States (NCBSF). NCBSF is mainly funded by wholesale deposits, and corporate customers in the United States as well as NCB. NCB incorporated in Hong Kong on 14 December 1949. NCBSF's liquidity is managed by NCB.

4. DERIVATIVE ACTIVITIES AND HEDGING ACTIVITIES

BOCNY enters into various transactions involving derivatives. These financial instruments are mainly interest rate swaps and foreign exchange forwards. BOCNY uses these instruments to reduce its sensitivity to interest rate fluctuations.

5. MEMBERSHIPS IN MATERIAL PAYMENT, CLEARING AND SETTLEMENT SYSTEMS

The Bank's U.S. banking operations utilize payment, clearing and settlement systems to support a variety of business functions. Some of the material payment, clearing and settlement systems in which the Bank is a member are listed below.

Membership	Description
------------	-------------

Clearing House Interbank Payments Systems (“CHIPS”)	Payments and clearing
Federal Reserve Wire Network (“Fedwire”)	Payments and clearing
SWIFT	Financial messaging related to payment processing

6. FOREIGN OPERATIONS

As China’s most international and diversified bank, Bank of China provides a comprehensive range of financial services to customers across the Chinese mainland, Hong Kong, Macau, Taiwan and 37 overseas countries. The Bank’s core business is commercial banking, including corporate banking, personal banking and financial markets services. BOC International Holdings Limited, a wholly owned subsidiary, is the Bank’s investment banking arm. Bank of China Group Insurance Company Limited and Bank of China Insurance Company Limited, wholly owned subsidiaries, run the Bank’s insurance business. Bank of China Group Investment Limited, a wholly owned subsidiary, undertakes the Bank’s direct investment and investment management business. Bank of China Investment Management Co., Ltd., a controlled subsidiary, operates the Bank’s fund management business. BOC Aviation Pte. Ltd., a wholly owned subsidiary, is in charge of the Bank’s aircraft leasing business.

7. MATERIAL SUPERVISORY AUTHORITIES

Home Country Authorities

Home Country Authorities for Bank of China Limited			
Agency	Country/Region	Description	Address
China Banking Regulatory Commission ("CBRC")	China	<ul style="list-style-type: none"> Formulates supervisory rules and regulations governing the banking institutions; Authorizes the establishment, changes, termination and business scope of the banking institutions; and Conducts on-site examination and off-site surveillance of the banking institutions, and take enforcement actions against rule-breaking behaviors 	15A Financial Street Xicheng District Beijing, 100033 China
People's Bank of China ("PBOC")	China	<ul style="list-style-type: none"> Formulates and implements monetary policy in accordance with law; Issues the Renminbi and administers its circulation; Regulates financial markets, including the inter-bank lending market, the inter-bank bond market, foreign exchange market and gold market; and Prevents and mitigates systemic financial risks to safeguard financial stability 	32 Cheng Fang Street Xicheng District Beijing, 100800 China
China Securities Regulatory Commission ("CSRC")	China	<ul style="list-style-type: none"> Authorized by the State Council of China, in accordance with relevant laws and regulations, CBRC, a ministry-level unit directly under the State Council, regulates China's securities and futures markets with an aim to ensure their orderly and legitimate operation 	Focus Place 19 Financial Street Xicheng District Beijing, 100033 China
Securities and Futures Commission ("SFC")	Hong Kong	<ul style="list-style-type: none"> Sets and enforces market regulations, including investigating breaches of rules and market misconduct and taking appropriate enforcement actions; Licenses and supervises intermediaries seeking to conduct regulated activities for which the SFC has regulatory responsibility, such as brokers, investment advisers and fund managers; and Supervises market operators including exchanges, clearing houses and alternative trading platforms, and helps to enhance market infrastructure 	35/F, Cheung Kong Center 2 Queen's Road Central, Hong Kong

Host Authorities

Primary Authorities for Material Entity and Core Business Line		
Material Entity	Core Business Line	Agency
BOCNY	Corporate Banking	Office of the Comptroller of the Currency ("OCC")
		Federal Reserve Board ("FRB")
		Federal Deposit Insurance Corporation ("FDIC")

Other than the primary regulatory authorities listed above, the following table identifies other authority in the United States that are responsible for monitoring the following U.S. banking entity of the Bank.

Other Host Country Authority	
Agency	Entity
Consumer Financial Protection Bureau (“CFPB”)	BOCNY

The Bank’s non-banking entities, BOCI and BOCI C&F, are also subject to regulation and supervision in the United States. BOCI is subject to the regulation and supervision of the U.S. Securities and Exchange Commission (“SEC”) and the Financial Industry Regulatory Authority (“FINRA”) with respect to its investment brokerage business. The commodities and futures activities of BOCI C&F are subject to regulation and oversight by the U.S. Commodity Futures Trading Commission (“CFTC”) and its designated self-regulatory organization, the National Futures Association (“NFA”).

8. PRINCIPAL OFFICERS

Directors, Supervisors and Senior Management Members of the Bank

Board of Directors	
Name	Position
Tian Guoli	Chairman
Li Lihui	Vice Chairman and President
Li Zaohang	Executive Director and Executive Vice President
Wang Yongli	Executive Director and Executive Vice President
Sun Zhijun	Non-executive Director
Liu Lina	Non-executive Director
Jiang Yansong	Non-executive Director
Zhang Xiangdong	Non-executive Director
Zhang Qi	Non-executive Director
Wang Yong	Non-executive Director
Anthony Francis Neoh	Independent Director
Huang Shizhong	Independent Director
Huang Danhan	Independent Director
Chow Man Yiu, Paul	Independent Director
Tai Jackson	Independent Director
Nout Wellink	Independent Director
Lu Zhengfei	Independent Director

Source: Bank of China Interim Report 2013

Board of Supervisors	
Name	Position
Li Jun	Chairman of the Board of Supervisors
Wang Xueqiang	Shareholder Supervisor
Liu Wanming	Shareholder Supervisor

Deng Zhiying	Employee Supervisor
Liu Xiaozhong	Employee Supervisor
Xiang Xi	Employee Supervisor
Mei Xingbao	Exterior Supervisor
Bao Guoming	Exterior Supervisor

Source: Bank of China Interim Report 2013

Senior Management	
Name	Position
Li Lihui	Vice Chairman and President
Li Zaohang	Executive Director and Executive Vice President
Zhang Lin	Secretary of Party Discipline Committee
Wang Yongli	Executive Director and Executive Vice President
Chen Siqing	Executive Vice President
Zhu Shumin	Executive Vice President
Yue Yi	Executive Vice President
Chim Wai Kin	Chief Credit Officer
Liu Yanfen	Chief Audit Officer
Fan Yaosheng	Secretary to the Board of Directors

Source: Bank of China Interim Report 2013

9. CORPORATE GOVERNANCE STRUCTURE AND RESOLUTION PLANNING PROCESS

In order to provide timely, credible and complete responses to supervisory resolution planning initiatives designed to enable authorities to resolve financial institutions in an orderly manner, the Bank established corporate governance related to resolution planning which is integrated into its existing governance structure.

The newly established governance bodies and operative bodies are as follows:

- U.S. Resolution Planning Steering Committee (the “Steering Committee”)
- Office of U.S. Resolution Planning (the “RP Office”)

The Steering Committee is responsible for overseeing the development, maintenance, implementation and filing of the Bank’s U.S. Plan. The RP Office is responsible for establishing a comprehensive governance and management process to execute the creation and maintenance of the Plan required to be filed by the Bank under Title 1 of the Dodd-Frank Act.

The Bank has established a governance framework at both the Bank level and U.S. operations level to ensure that all aspects of resolution planning receive appropriate attention by the designated Board of Directors. The governance framework establishes the roles and responsibilities of committees for the global and local management of resolution planning.

10. MATERIAL MANAGEMENT INFORMATION SYSTEMS

The Bank's U.S. banking operations utilize management information systems 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.

11. RESOLUTION STRATEGY

As required by the Final Rule, the Bank has assumed for purposes of this Resolution Plan that:

- An idiosyncratic event causes the failure of one or more major branches and subsidiaries of the Bank, leading to the material financial distress and ultimate failure of the Bank;
- Financial markets are functioning normally; and
- There is no extraordinary government support available to the Bank in the U.S. or China that would affect the U.S. operations of the Bank.

In general, banks in China, including the Bank, are subject to resolution under a combination of general insolvency law and certain special rules in the Commercial Banks Law. The Bank has also been designated by the Financial Stability Board as a globally significant bank, or G-SIB, and is one of the two Chinese banks to be designated by the FSB as a G-SIB. The Bank is currently working directly with People's Bank of China ("PBOC") and the China Bank Regulatory Commission (the "CBRC"), its home country regulatory authorities, with respect to global recovery and resolution planning requirements. The Ministry of Finance of PRC also has an enhanced role in the Bank's resolution planning process.

In addition, on October 24, 2013, the Federal Deposit Insurance Corporation ("FDIC") announced the signing of a Memorandum of Understanding ("MOU") between the FDIC and the PBOC designed to extend their effective international working relationship, including in the area of resolution. The MOU seeks to enhance cooperation in analyzing cross-border financial institution recovery and resolution issues, and planning for potential recovery and resolution scenarios, including appropriate simulations, contingency planning and other work designed to improve preparations to manage troubled institutions with operations in the United States and the PRC.

The Bank is assuming the resolution strategy for its U.S. operations in the event of a material financial distress or failure of the Bank would be to pursue an orderly liquidation of all assets of its U.S. branches and subsidiaries. Given that the substantial majority of the Bank's U.S. operations are conducted in its branches (i.e., BOCNY, BOCLA and NCBSF), this resolution

strategy would primarily involve the OCC appointing the FDIC as receiver of the Bank's federally licensed branches under the IBA and a liquidation of the branches by the FDIC under the Federal Deposit Insurance Act (the "FDI Act") and FDIC regulations. As a registered broker dealer, BOCI is a member of the Securities Investor Protection Corporation ("SIPC") and would be eligible for resolution under the Securities Investor Protection Act ("SIPA") if it has "customers" as defined under SIPA. Currently BOCI does not hold customer assets in the normal course of business and would not be eligible for resolution under SIPA. Accordingly, the resolution of BOCI would be subject to resolution under Chapter 11 or a liquidation under Chapter 7, depending on the circumstances at the time. If BOCI were to hold customer funds at the time of its entry into resolution, BOCI likely would be wound down after the initiation of a SIPA proceeding by a trustee appointed by SIPC. The resolution of BOCA would be subject to resolution under Chapter 11 or a liquidation under Chapter 7, depending on the circumstances at the time.

However, the Bank recognizes that future developments in the context of ongoing communication and coordination can impact its resolution planning, and that ultimately, the resolution strategy chosen by the relevant resolution authority will be dependent on the facts and circumstances existing at the time of resolution.