



中国农业银行

AGRICULTURAL BANK OF CHINA

AGRICULTURAL BANK OF CHINA LIMITED

U.S. RESOLUTION PLAN

PUBLIC SECTION

DECEMBER 2018

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2018 Resolution Plan – Public Section

EXECUTIVE SUMMARY

The 2018 U.S. resolution plan (the “**2018 Plan**”) of Agricultural Bank of China Limited (the “**Bank**”) is being filed pursuant to implementing regulations (the “**Resolution Plan Rule**”) issued by the Board of Governors of the Federal Reserve System (the “**Board**”) and 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**”).¹ This is the public section of the Bank’s 2018 Plan.

The Resolution Plan Rule states that any foreign bank or company that is treated as a bank holding company pursuant to 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**.”² A Covered Company is required to periodically submit to the Board and the 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.³

The Bank is organized under the laws of the People’s Republic of China (“**China**”). Because the Bank maintains an uninsured state-licensed branch in New York, the Bank is treated as a bank holding company pursuant to 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, 2017. As a result, the Bank is deemed a Covered Company and is required to file a U.S. resolution plan for 2018.

Under the requirements of the Resolution Plan Rule, the Bank is required to assess its U.S. operations for the presence of “Material Entities,” “Critical Operations,” and “Core Business Lines.” The Bank performed this assessment and determined that there were no “Material Entities,” “Critical Operations,” or “Core Business Lines,” each term as defined in the Resolution Plan Rule.

Overview of the Bank

The predecessor of the Bank was Agricultural Cooperative Bank established in 1951. Since the late 1970s, the Bank has evolved from a state-owned specialized bank to a wholly state-owned commercial bank and subsequently a state-controlled commercial bank. The Bank was restructured into a joint stock limited liability company in January 2009. In July 2010, the Bank completed its initial public offering and became a listed company on the Shanghai Stock Exchange and the Hong Kong Stock Exchange.

As one of the major integrated financial service providers in China, the Bank remains committed to building a multi-functional and integrated modern financial service group. Capitalizing on its comprehensive business portfolio, extensive distribution network and

¹ The Resolution Plan Rule is codified by the Board in 12 C.F.R. Part 243 and by the FDIC in 12 C.F.R. Part 381. Citations to the Resolution Plan Rule in this 2018 Plan are to the regulations as codified by the Board.

² See 12 C.F.R. § 243.2(f)(iii).

³ See 12 C.F.R. § 243.3(a).

advanced IT platform, the Bank provides a full range of corporate, treasury and retail banking products and services. In addition to commercial banking, the Bank's services include, among other things, investment banking, fund management, financial leasing and life insurance. As of December 31, 2017, the Bank had 23,661 domestic branch outlets and 487,307 employees (and 8,541 additional contracted employees).

The Bank's New York Branch (the "**New York Branch**"), its only office in the United States, is a wholesale banking branch with no retail customers and its deposits are not insured by the FDIC.

I. THE NAMES OF MATERIAL ENTITIES

The term "Material Entity" is defined in the Resolution Plan Rule as "a subsidiary or foreign office of the covered company that is significant to the activities of a critical operation or core business line."⁴ The Bank has determined that it does not have any Material Entities in the United States for purposes of the Resolution Plan.

II. A DESCRIPTION OF CORE BUSINESS LINES

The term "Core Business Lines" is defined in the Resolution Plan Rule 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."⁵ Based on both quantitative and qualitative analyses, the Bank has determined that it has no Core Business Lines in the United States for purposes of the Resolution Plan.

III. CONSOLIDATED OR SEGMENT FINANCIAL INFORMATION REGARDING ASSETS, LIABILITIES, CAPITAL AND MAJOR FUNDING SOURCES

The assets, liabilities, capital and major funding sources of the Bank are set forth in detail in the Bank's 2017 annual report, which is available at: <http://www.abchina.com/en/investor-relations/performance-reports/annual-reports/>.

The following table (from the Bank's 2017 Annual Report) sets forth the consolidated balance sheet of the Bank as of December 31, 2017:

⁴ 12 C.F.R. § 243.2(l).

⁵ 12 C.F.R. § 243.2(d).

Consolidated Statement of Financial Position (Amounts in millions of Renminbi, unless otherwise stated)	As of December 31	
	2017	2016
Assets		
Cash and balances with central banks	2,896,619	2,811,653
Deposits with banks and other financial institutions	130,245	622,665
Precious metals	32,008	59,105
Placements with and loans to banks and other financial institutions	505,269	580,949
Financial assets held for trading	194,640	123,618
Financial assets designated at fair value through profit or loss	383,325	294,337
Derivative financial assets	28,284	31,460
Financial assets held under resale agreements	540,386	323,051
Loans and advances to customers	10,316,311	9,319,364
Available-for-sale financial assets	1,426,420	1,408,881
Held-to-maturity investments	3,489,135	2,882,152
Debt instruments classified as receivables	659,223	624,547
Investments in associate	227	213
Property and equipment	155,258	158,669
Goodwill	1,381	1,381
Deferred tax assets	97,751	83,187
Other assets	196,900	244,829
Total assets	21,053,382	19,570,061
Liabilities		
Borrowings from central banks	465,947	291,052
Deposits from banks and other financial institutions	974,730	1,156,044
Placements from banks and other financial institutions	280,061	302,021
Financial liabilities held for trading	21,118	17,504
Financial liabilities designated at fair value through profit or loss	370,654	283,666
Derivative financial liabilities	30,872	20,758
Financial assets sold under repurchase agreements	319,789	205,832
Due to customers	16,194,279	15,038,001
Debt securities issued	475,017	388,215
Deferred tax liabilities	87	58
Other liabilities	491,431	545,319
Total liabilities	19,623,985	18,248,470
Equity		
Ordinary shares	324,794	324,794
Preference shares	79,899	79,899
Capital reserve	98,773	98,773
Investment revaluation reserve	(19,690)	3,578
Surplus reserve	134,348	115,136
General reserve	230,750	198,305
Retained earnings	577,573	496,083
Foreign currency translation reserve	(32)	1,625
Equity attributable to equity holders of the Bank	1,426,415	1,318,193
Non-controlling interests	2,982	3,398
Total equity	1,429,397	1,321,591
Total equity and liabilities	21,053,382	19,570,061

The following table (from the Bank's 2017 Annual Report) sets forth the capital information for the Bank as of December 31, 2017.

	As of December 31				
	2017	2016	2015	2014	2013
Asset Quality (%)					
Non-performing loan ratio	1.87	2.37	2.39	1.54	1.22
Allowance to non-performing loans	208.37	173.40	189.43	286.53	367.04
Allowance to total loans	3.77	4.12	4.53	4.42	4.46
Capital adequacy (%)					
Common Equity Tier 1 capital adequacy ratio	10.63	10.38	10.24	9.09	9.25
Tier 1 capital adequacy ratio	11.26	11.06	10.96	9.46	9.25
Capital adequacy ratio	13.74	13.04	13.40	12.82	11.86
Risk-weighted assets to total assets ratio	59.87	60.59	61.75	67.94	62.25
Total equity to total assets ratio	6.79	6.75	6.81	6.46	5.80
Data per share (RMB Yuan)					
Net assets per share	4.15	3.81	3.48	3.05	2.60

The New York Branch currently has the following funding sources: support from the Bank's head office (“**Head Office**”); issuances of negotiable certificates of deposit and commercial paper; borrowing in the interbank money market (foreign as well as local federal funds); customer demand and time deposits; and medium-term notes.

IV. A DESCRIPTION OF DERIVATIVE ACTIVITIES AND HEDGING ACTIVITIES

The Bank enters into currency rate, interest rate and precious metals-related derivative financial instruments for the purpose of trading, asset and liability management and customer initiated transactions. The following tables (from the Bank's 2017 Annual Report) set forth the derivative financial assets and liabilities of the Bank as of December 31, 2017.

Derivative Financial Assets and Liabilities (amounts in millions of Renminbi, unless otherwise stated)	December 31, 2017		
	Contractual/ notional amount	Fair value	
		Assets	Liabilities
Exchange rate derivatives			
Currency forwards and swaps, and cross-currency interest rate swaps	1,997,265	24,349	(29,838)
Currency options	62,409	945	(275)
Subtotal		25,294	(30,113)
Interest rate derivatives			
Interest rate swaps	279,373	1,132	(406)
Precious metal contracts and others	126,596	1,858	(353)
Total derivative financial assets and liabilities		28,284	(30,872)
Derivative Financial Assets and Liabilities (amounts in millions of Renminbi, unless otherwise stated)	December 31, 2016		
	Contractual/ notional amount	Fair value	
		Assets	Liabilities
Exchange rate derivatives			
Currency forwards and swaps, and cross-currency interest rate swaps	1,382,401	25,139	(18,410)
Currency options	119,352	68	(1,353)
Subtotal		25,207	(19,763)
Interest rate derivatives			
Interest rate swaps	258,523	1,061	(604)
Precious metal contracts and others	94,506	5,192	(391)
Total derivative financial assets and liabilities		31,460	(20,758)

The credit risk weighted amount for derivative transaction counterparties represents the counterparty credit risk associated with derivative transactions and is calculated in accordance with the “Capital Rules for Commercial Banks (Provisional)” issued by the China Banking Regulatory Commission which were effective January 1, 2013, and are dependent on, among other factors, creditworthiness of customers and maturity characteristics of each type of contract. The following table (from the Bank’s 2017 Annual Report) sets forth the credit risk weighted amount for derivative transaction counterparties as of December 31, 2017.

Derivative Financial Assets and Liabilities (amounts in millions of Renminbi, unless otherwise stated)	As of December 31	
	2017	2016
Credit risk weighted amount for counterparty	22,868	26,601

V. A LIST OF MEMBERSHIPS IN MATERIAL PAYMENT, CLEARING AND SETTLEMENT SYSTEMS

The New York Branch is a direct participant in the Fedwire Funds Service (“**Fedwire**”). Fedwire is a real-time gross settlement system owned and operated by the Federal Reserve Banks in which participants initiate payment orders that are individually processed and, once funds are transferred, settled in central bank money in real time upon receipt. Through Fedwire, the settlement of funds is immediate, final and irrevocable.

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.

VI. A DESCRIPTION OF FOREIGN OPERATIONS

The New York Branch currently represents the Bank’s entire U.S. operations. The New York Branch itself has no foreign operations. Further, the Bank has no foreign operations that would be material to the resolution of the New York Branch.

VII. THE IDENTITIES OF MATERIAL SUPERVISORY AUTHORITIES

The Bank is regulated and supervised by the China Banking and Insurance Regulatory Commission (“**CBIRC**”). The CBIRC is China’s primary banking and insurance supervisor and regulator. It is responsible for the comprehensive consolidated supervision of Chinese banking and insurance organizations.

The Bank is also subject to regulation and supervision by the People’s Bank of China (“**PBOC**”). The PBOC is China’s central bank and primary supervisor for anti-money laundering matters. The PBOC administers monetary policy and regulates financial institutions in China to ensure overall financial stability. It also manages payment, clearing and settlement systems of the banking sector.

In addition, the China Securities Regulatory Commission (“**CSRC**”) is the primary securities regulator for the Bank. The CSRC is responsible for the oversight of publicly traded companies and the provision of custody services to investment funds. The State

Administration of Foreign Exchange supervises the Bank’s foreign exchange and settlement transactions.

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 Stock Exchange, and is therefore subject to the supervision of the HKMA.

The New York Branch is a state-licensed, uninsured wholesale banking branch. As such, it is subject to the regulation and supervision of the New York State Department of Financial Services (“**NYSDFS**”). The NYSDFS also subjects the New York Branch to on-site examinations.

The Board and the Federal Reserve Bank of New York (“**FRBNY**”) are the Bank’s federal supervisors in the United States. The Board and the FRBNY supervise the New York Branch and subject the New York Branch to on-site examinations.

VIII. THE IDENTITIES OF THE PRINCIPAL OFFICERS

The following chart provides the name and titles for the principal officers of the Bank and its New York Branch:

Executive Directors of the Bank	
<i>Name</i>	<i>Title</i>
Zhou Mubing	Chairman, Executive Director
Wang Wei	Executive Director, Executive Vice President
Non-Executive Directors of the Bank	
<i>Name</i>	<i>Title</i>
Xu Jiandong	Non-executive Director
Chen Jianbo	Non-executive Director
Hu Xiaohui	Non-executive Director
Liao Luming	Non-executive Director
Li Qiyun	Non-executive Director
Independent Non-Executive Directors of the Bank	
<i>Name</i>	<i>Title</i>
Wen Tiejun	Independent Non-executive Director
Francis Yuen Tin-fan	Independent Non-executive Director
Xiao Xing	Independent Non-executive Director
Wang Xinxin	Independent Non-executive Director
Huang Zhenzhong	Independent Non-executive Director

Board of Supervisors of the Bank	
<i>Name</i>	<i>Title</i>
Wang Jingdong	Chairman of the Board of Supervisors
Wang Xingchun	Supervisor Representing Shareholders
Liu Chengxu	Supervisor Representing Employees
Xia Taili	Supervisor Representing Employees
Shao Lihong	Supervisor Representing Employees
Li Wang	External Supervisor
Zhang Jie	External Supervisor
Liu Hongxia	External Supervisor
Senior Management of the Bank	
<i>Name</i>	<i>Title</i>
Gong Chao	Secretary of the Party Discipline Committee
Wang Wei	Executive Director, Executive Vice President
Zhang Keqiu	Executive Vice President
Li Zhicheng	Chief Risk Officer; Chief Compliance Officer
Zhou Wanfu	Secretary to the Board of Directors
Principal Officers of the New York Branch	
<i>Name</i>	<i>Title</i>
Fang Min	General Manager
Zhang Lu	Deputy General Manager
Zhang Zhe	Deputy General Manager
Wang Chaonan	Deputy General Manager
Ji Yanmin	Deputy General Manager
Zhang Jian	Deputy General Manager
Honghui Wong	Chief Compliance Officer; Chief BSA/AML Officer
Lisa Prager	General Counsel

IX. A DESCRIPTION OF THE CORPORATE GOVERNANCE STRUCTURE AND PROCESSES RELATED TO RESOLUTION PLANNING

According to the Resolution Plan Rule, the Bank’s Board of Directors (the “**ABC Board**”) may delegate its authority and oversight responsibilities to a specific manager or to a committee.⁶ The ABC Board has delegated its authority to approve the 2018 Plan to senior management in charge of the International Department at Head Office.

The Bank has created the Local Resolution Planning Team (the “**Planning Team**”) within the New York Branch which is responsible for developing the 2018 Plan. The Planning Team is comprised of the New York Branch’s General Manager, General Counsel, Head of Risk Management and Head of the Finance and Accounting Department. The General Manager has delegated authority to the Head of the Finance and Accounting Department to conduct periodic meetings of the Planning Team for the purpose of discussing resolution planning. The Planning Team also calls on other parties such as the Head of Operations, the Head of Treasury and the Head of Corporate Banking to provide input into the resolution planning process, as needed.

⁶ See 12 C.F.R. § 243.3(e)(2).

The Bank and the Planning Team will monitor the activities of the Bank throughout the year to determine whether any material events have occurred that require a notice under the relevant regulations.

The New York Branch is governed by its General Manager and his Deputy General Managers; they are supported by several key committees.

X. A DESCRIPTION OF MATERIAL MANAGEMENT INFORMATION SYSTEMS

The New York Branch utilizes a core banking system housed in China that supports the New York Branch on a 24/7 basis. Technology support includes maintenance, daily operations, emergency response, and required systems fixes or enhancements, as well as ad-hoc requests. This system is modular in nature, meaning loans, money market, FX 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.

XI. A DESCRIPTION, AT A HIGH LEVEL, OF THE COVERED COMPANY'S RESOLUTION STRATEGY, COVERING SUCH ITEMS AS THE RANGE OF POTENTIAL PURCHASERS OF THE COVERED COMPANY, ITS MATERIAL ENTITIES AND CORE BUSINESS LINES

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. The Bank therefore respectfully submits that this requirement is not applicable.

Notwithstanding the foregoing and for informational purposes only, the Bank expects that any resolution of the New York Branch will be conducted by the NYSDFS. Under the New York resolution proceeding, the NYSDFS would marshal and liquidate the assets of the New York Branch in the United States and distribute the proceeds to creditors of the New York Branch.