



**招商局集團有限公司**  
CHINA MERCHANTS GROUP LIMITED

**China Merchants Group Limited**  
**2018 Tailored U.S. Resolution Plan**  
**(Public Section)**

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## Introduction

This is the public section of the 2018 tailored U.S. resolution plan (the “**2018 Tailored Plan**”) of China Merchants Group Limited (“**CMG**”). The 2018 Tailored Plan was prepared and filed pursuant to implementing regulations (the “**Final Rule**”) issued by the Board of Governors of the Federal Reserve System (“**FRB**”) (12 C.F.R. Part 243) and the Federal Deposit Insurance Corporation (“**FDIC**”) (12 C.F.R. Part 381) under Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “**Dodd-Frank Act**”).<sup>1</sup>

Section 165(d) of the Dodd-Frank Act and the Final Rule specify that 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 has US\$50 billion or more in global total consolidated assets is a “**Covered Company**” for purposes of Section 165(d) of the Dodd-Frank Act and the Final Rule. A foreign-based Covered Company is required to periodically submit to the FRB 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 at or failure of the Covered Company.

CMG is organized under the laws of the People’s Republic of China (the “**PRC**” or “**China**”) and headquartered in the Hong Kong Special Administrative Region of the PRC (“**Hong Kong**”). One of CMG’s subsidiaries is China Merchants Bank Co., Ltd. (“**CMB**”), a bank organized under the laws of the PRC that maintains an uninsured state-licensed branch in New York. One of CMB’s wholly owned subsidiaries is Wing Lung Bank Limited (“**Wing Lung Bank**”), a bank organized under the laws of Hong Kong that maintains two uninsured federal branches in California. Therefore, CMG is treated as a bank holding company pursuant to Section 8(a) of the IBA. The global total consolidated assets of CMG, including its U.S. operations, exceeded US\$50 billion as of December 31, 2017. As a result, CMG is a foreign-based Covered Company and is required to file a resolution plan under Section 165(d) of the Dodd-Frank Act and the Final Rule.

Under the Final Rule, a foreign-based Covered Company that (i) has less than US\$100 billion in total U.S. nonbank assets and (ii) has 85% or more of its U.S. total consolidated assets comprised of the company’s U.S. insured depository institution operations and U.S. insured or uninsured branches and agencies may submit a tailored resolution plan, upon written notice of its intent and eligibility to submit a tailored resolution plan to and non-objection from the FRB and the FDIC. CMG meets these criteria and is therefore filing a tailored plan for 2018.

The 2018 Tailored Plan is CMG’s first annual submission under the Final Rule. Previously, CMB submitted resolution plans in 2013, 2014, 2015, and 2016.

A tailored resolution plan filer may file a resolution plan that is focused on the nonbanking material entities and operations of the covered company as well as the interconnections and interdependencies among its U.S. banking operations, its non-U.S. operations, and its nonbanking material entities and operations. Therefore, the scope of CMG’s 2018 Tailored Plan is limited to its nonbanking material entities and operations domiciled in the

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<sup>1</sup> Citations to the Final Rule in this 2018 Tailored Plan are to the Final Rule as promulgated by the FRB.

United States or conducted in whole or material part in the United States (if any), as well as the interconnections and interdependencies among its U.S. banking operations, its non-U.S. operations, and its nonbanking material entities and operations. However, CMB recognizes that in some cases it may be necessary or helpful to provide information about its U.S. banking and nonbanking operations and its non-U.S. operations in order to provide context to the information required in its 2018 Tailored Plan. This 2018 Tailored Plan, therefore, includes such additional information not required by the Final Rule for informational purposes only.

## Overview of CMG

CMG is a leading state-owned conglomerate based in Hong Kong, under the direct supervision of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (“SASAC”). Founded in 1872, CMG is a pioneer in China’s national industry and commerce. As of December 31, 2017, CMG had US\$184 billion in global total consolidated assets. CMG’s three core businesses include: transportation (ports and related services, toll roads, shipping, and logistics), finance (banking, securities, funds, and insurance), and property development.

One of CMG’s indirect banking subsidiaries is CMB, a bank organized in the PRC with headquarters in Shenzhen, China. As of December 31, 2017, CMG held an aggregate of 29.97% of the total issued common shares of CMB through its subsidiaries.

CMB has been ranked among China’s top commercial banks according to the comprehensive assessment by the China Banking and Insurance Regulatory Commission (“CBIRC”) for many consecutive years.<sup>2</sup> It was founded in Shenzhen, China in 1987, and was China’s first joint-stock commercial bank wholly owned by corporate legal entities. CMB’s largest shareholder is CMG, which holds shares of CMB through various subsidiaries. CMB is a publicly listed company on the Shanghai Stock Exchange and the Hong Kong Stock Exchange. As of December 31, 2017, CMB had RMB6.29 trillion or US\$968 billion in global total consolidated assets.<sup>3</sup>

CMB’s principal activities include the provision of financial services, such as corporate and personal banking services, treasury services, and asset management and trustee services. CMB mainly focuses on the markets in China with its distribution network primarily covering China’s more economically developed regions—such as Yangtze River Delta, Pearl River Delta, and Bohai Rim—and some large and medium cities in other regions. As of December 31, 2017, CMB had 137 branches, 1,681 sub-branches, one dedicated branch-level operation center (credit card center), one representative office, 3,340 self-service centers, 11,382 self-service machines (including 1,610 automatic teller machines and 9,722 deposit-taking and cash withdrawal machines), and 12,936 visual counters in more than 130 cities of mainland China. CMB also had a branch in Hong Kong, a branch in New York (“CMBNY”) and a

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<sup>2</sup> The CBIRC was created on April 8, 2018 through the merger of the former China Banking Regulatory Commission and China Insurance Regulatory Commission.

<sup>3</sup> For purposes of this 2018 Tailored Plan, RMB are converted to US\$ using an exchange rate of 6.5063 RMB to 1 US\$, which was the exchange rate reported by the FRB as of December 29, 2017, available at: [https://www.federalreserve.gov/releases/h10/hist/dat00\\_ch.htm](https://www.federalreserve.gov/releases/h10/hist/dat00_ch.htm).

representative office in New York, a branch and a representative office in London, a branch in Singapore, a branch in Luxembourg, a representative office in Taipei, and a branch in Sydney, Australia.

In 2008, CMB acquired 100% of the shares of Wing Lung Bank, a bank organized under the laws of Hong Kong. Wing Lung Bank was founded in 1933 and is among the oldest local Chinese banks in Hong Kong. As of December 31, 2017, Wing Lung Bank had HK\$298.8 billion or US\$38.2 billion in global total consolidated assets.<sup>4</sup> As of December 31, 2017, in addition to its branches in Los Angeles (“**WLBLA**”) and San Francisco (“**WLBSF**”), Wing Lung Bank had 34 branches in Hong Kong, 4 branches and a sub-branch in the PRC, a branch in Macau, and a branch in the Cayman Islands.

### CMG’s U.S. Banking Operations

CMG’s U.S. banking operations consist of CMBNY, WLBLA, and WLBSF (together, the “**U.S. branches**.”). CMBNY is an uninsured state-licensed branch in New York, New York. As of December 31, 2017, CMBNY had US\$8.81 billion in total assets. WLBLA is an uninsured federal branch located in Newport Beach, California. As of December 31, 2017, WLBLA had US\$385 million in total assets. WLBSF is an uninsured federal branch located in San Francisco, California. As of December 31, 2017, WLBSF had US\$251 million in total assets.

### CMG’s U.S. Nonbanking Subsidiaries<sup>5</sup> in the United States

CMG has very few nonbanking subsidiaries in the United States each with limited operations.

One of CMG’s indirect subsidiaries, a wholly owned subsidiary of Wing Lung Bank, is Wingspan Incorporated (“**Wingspan**”), a California corporation. The sole business of Wingspan is to own the premises used by WLBLA.

In addition to its indirect ownership of Wingspan, CMG controls several nonbanking subsidiaries in the United States that engage in activities permissible under Section 2(h)(2) of the Bank Holding Company Act of 1956, as amended (“**Section 2(h)(2) Subsidiaries**”) as described below.

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<sup>4</sup> For purposes of this 2018 Tailored Plan, HK\$ are converted to US\$ using an exchange rate of 7.8128 HK\$ to 1 US\$, which was the exchange rate reported by the FRB as of December 29, 2017, *available at*: [https://www.federalreserve.gov/releases/h10/hist/dat00\\_hk.htm](https://www.federalreserve.gov/releases/h10/hist/dat00_hk.htm).

<sup>5</sup> For purposes of the Final Rule, a subsidiary is defined as “a company that is controlled by another company.” 12 C.F.R. § 243.2(p). Under the Final Rule, a “company controls another company when the first company, directly or indirectly, owns, or holds with power to vote, 25 percent or more of any class of the second company’s outstanding voting securities.” 12 C.F.R. § 243.2(c). As a result, for purposes of this 2018 Tailored Plan, only those U.S. nonbanking companies in which CMG holds 25% or more of the voting securities are considered subsidiaries. Note that for purposes of the Bank Holding Company Act of 1956, as amended, CMG is deemed to control certain other U.S. nonbanking companies, which are not discussed herein since they do not qualify as “subsidiaries” under the Final Rule.

*Section 2(h)(2) Subsidiaries Held Through China Merchants Port Holdings Company Limited*

One of CMG’s majority-owned subsidiaries is China Merchants Port Holdings Company Limited (“**CM Port**”), a Hong Kong corporation that is China’s largest, and a global-leading, port developer, investor, and operator, with a comprehensive ports network at hub locations along coastal China as well as South Asia, Africa, Europe, and the Mediterranean countries, among others. CM Port is listed on the Hong Kong Stock Exchange. As of December 31, 2017, CM Port had HK\$132 billion or US\$13.3 billion in global total consolidated assets.

In 2013, CM Port acquired a 49% interest in Terminal Link SAS (“**Terminal Link**”), a French company. Terminal Link operates a network of container terminals and stevedores with a global reach, including the Far East, Northern Europe, Mediterranean countries, West Africa, and North America. Terminal Link operates in the United States through the following two entities.

- South Florida Container Terminal, a Florida corporation, engages in container terminal logistics activities. Terminal Link owns 51% of South Florida Container Terminal.
- Terminal Link Texas, a Texas corporation, engages in container terminal logistics activities. Terminal Link owns 51% of Terminal Link Texas.

*Section 2(h)(2) Subsidiary Held Through Sinotrans & CSC Holdings Co., Ltd.*

Prior to December 2015, Sinotrans & CSC Holdings Co., Ltd. (“**Sinotrans**”) was a wholly state-owned company under the direct administration of SASAC. On December 28, 2015, SASAC administratively allocated (for no consideration) Sinotrans to be a wholly owned subsidiary of CMG.

Sinotrans indirectly controls China Interocean Transport Inc. (“**China Interocean**”), a New Jersey company. China Interocean engages in freight forwarding and logistics activities. China Interocean is directly held by Sinotrans Air Transportation Development Co. Ltd. (“**Sinotrans Air**”), a company organized in the PRC and listed on the Shanghai Stock Exchange. Sinotrans Air provides international air freight forwarding, express delivery, and domestic cargo transportation and logistics services, primarily in the PRC market.

## **1. Material Entities**

Under the Final Rule, “**Material Entity**” means a subsidiary or foreign office of the covered company that is significant to the activities of a “Critical Operation”<sup>6</sup> or “Core Business Line” (as described below).<sup>7</sup>

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<sup>6</sup> “Critical Operations” are defined in the Final Rule as “those operations of the covered company, including associated services, functions and support, the failure or discontinuance of which, in the view of the covered company or as jointly directed by the [FRB] and the [FDIC], would pose a threat to the financial stability of the United States.” 12 C.F.R. § 243.2(g).

<sup>7</sup> 12 C.F.R. § 243.2(l).

Because CMG did not identify any Core Business Lines or Critical Operations domiciled in the United States or conducted in whole or material part in the United States, CMG determined that it did not have any Material Entities, banking or nonbanking, for purposes of this 2018 Tailored Plan. As part of CMG’s ongoing resolution planning process, this determination will be subject to ongoing evaluation and updates.

## 2. Core Business Lines

The Final Rule defines “**Core Business Lines**” as “those business lines of 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.”<sup>8</sup>

Based on the Final Rule, the resolution plans for foreign-based Covered Companies should focus on any Core Business Lines conducted in whole or in material part in the United States that are important to the global organization. Accordingly, to determine if a business line is a Core Business Line under the Final Rule, CMG assessed whether the failure of any of its business lines conducted in the United States would represent a material loss of revenue, profit, or franchise value to the global operations of CMG.

CMG determined that it had no Core Business Lines, banking or nonbanking, conducted in whole or material part in the United States as of December 31, 2017. As part of CMG’s ongoing resolution planning process, this determination will be subject to ongoing evaluation and updates.

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<sup>8</sup> 12 C.F.R. § 243.2(d).

### 3. Financial Information Regarding Assets, Liabilities, Capital and Major Funding Sources

Figure 1: CMG Balance Sheet as of December 31, 2016 and December 31, 2017 (△: the items with “△” are used for a special financial enterprise)

(in RMB)	December 31, 2017	December 31, 2016
<b>Current assets</b>		
Cash	150,698,572,612.02	151,950,037,481.19
△Balances with central bank	1,839,521,548.66	6,069,714,705.41
△Balances with banks and other financial institutions	9,006,289,026.03	12,843,073,591.21
△Settlement Reserves	14,010,490,946.36	19,043,468,593.71
△Margin loan	59,235,425,550.71	53,351,537,796.68
Financial assets at fair value through profit or loss	72,362,229,550.66	47,872,111,807.87
Derivative financial assets	1,024,978,965.73	1,111,840,927.40
Notes receivable	1,568,628,716.99	1,547,738,247.52
Accounts receivable	20,273,247,061.83	17,443,024,435.37
Prepayments	11,262,758,840.12	18,821,266,018.63
△Insurance premiums receivable	15,268,574.28	14,297,619.12
△Cession premiums receivable	862,725.22	1,567,364.19
△Provision of cession receivable	23,505,932.75	19,707,420.23
Interest receivable	2,114,778,327.12	1,399,606,581.13
Dividends receivable	368,120,394.09	509,787,006.02
Other receivables	70,563,497,666.28	41,737,611,178.34
△Financial assets purchased under resale agreements	37,163,258,693.06	19,678,061,185.23
Inventory	191,697,891,133.74	154,384,992,812.32
Including: Raw material	2,121,043,805.28	2,328,283,194.09
Goods on hand (products)	3,748,186,943.74	1,869,703,974.27
Assets classified as held for sale	1,198,506,286.88	16,882,546.66
Due within one year of non-current assets	4,268,915,655.84	255,773,269.80
△Refundable deposits	1,224,478,078.68	540,441,677.79
Other current assets	13,336,401,935.02	9,681,575,742.08
<b>Sub-total of Current assets</b>	<b>663,257,628,222.07</b>	<b>558,294,118,007.90</b>
<b>Non-current assets</b>		
Available for sale financial assets	55,131,491,993.73	41,476,570,147.35
△Loans and advances to customers	3,960,000.00	858,570,706.10
Held-to-maturity investments	500,000.00	500,000.00
Long-term accounts receivable	15,975,286,561.41	9,071,928,633.49
Long-term investment	243,964,419,810.47	214,719,684,993.75
Investment in real estate	33,830,968,255.55	30,925,756,299.07
Fixed assets-cost	162,229,079,628.90	145,025,306,929.50
less: Accumulated depreciation	45,079,274,385.23	40,787,040,443.52
Fixed assets-net value	117,149,805,243.67	104,238,266,485.98
less: Provisions for impairment of fixed assets	10,591,714,442.74	10,517,634,560.41
Fixed assets-net book value	106,558,090,800.93	93,720,631,925.57
Construction in progress	12,390,492,253.12	11,511,715,620.07
Fixed asset liquidation	130,707,821.21	26,965,327.45
Intangible assets	46,950,693,459.98	36,402,784,189.65
Development expenditure	6,977,912.42	54,773,183.78
Goodwill	5,608,550,239.77	5,025,070,279.11
Long-term prepaid expenses	1,712,950,291.02	1,470,967,046.28
Deferred income tax assets	6,878,581,113.79	6,944,227,286.69
Other non-current assets	5,245,210,374.43	5,224,471,809.01
<b>Sub-total of Non-current assets</b>	<b>534,388,880,887.83</b>	<b>457,434,617,447.37</b>
<b>Total assets</b>	<b>1,197,646,509,109.90</b>	<b>1,015,728,735,455.27</b>



(in RMB)	December 31, 2017	December 31, 2016
<b>Current liabilities</b>		
Short term loans	42,869,184,330.99	27,774,716,891.00
△Deposits from customers	51,333,885.65	55,176,082.48
△Placements from banks and other financial institutions	1,470,000,000.00	1,500,000,000.00
Financial liabilities at fair value through profit or loss	5,547,119,430.04	4,499,826,509.17
Derivative financial liabilities	1,588,990,273.31	1,879,726,072.69
Notes payable	2,827,482,577.63	2,568,713,764.71
Accounts payable	45,206,508,927.57	40,720,433,975.94
Advance payment	61,829,668,028.60	59,874,801,155.02
△Financial assets sold under repurchase agreements	33,382,969,879.02	19,403,980,500.00
△Fees and Commissions	38,770,072.26	-
Salaries and welfare payable	9,909,849,429.36	9,512,549,010.09
Including: Salaries payable	8,862,834,955.96	8,442,318,076.40
Welfare payable	112,490,840.79	106,615,959.45
Taxes and surcharges payable	9,039,222,837.38	7,393,288,707.49
Including: Taxes payable	8,952,551,298.38	7,289,859,892.93
Interest payable	3,880,494,287.37	4,332,314,944.43
Dividend payable	3,954,322,995.36	2,660,660,920.03
Other payables	59,909,790,780.75	35,367,990,883.78
△Cession insurance premiums payable	7,052,323.38	4,573,390.72
△Provision for insurance contracts	144,329,642.94	127,377,823.44
△Account payable to brokerage clients	51,095,334,708.05	67,581,720,470.41
Liabilities held for sale	167,434,360.06	-
Due within one year of non-current liabilities	50,114,918,110.49	17,878,952,560.98
Short-term financing payable	57,145,670,000.00	23,537,967,123.28
Including: △Income securities issued certificate	24,015,670,000.00	20,782,330,000.00
Other current liabilities	6,953,327,280.61	6,076,886,008.72
<b>Sub-total of current liabilities</b>	447,133,774,160.82	332,751,656,794.38
<b>Non-current liabilities</b>		
Long-term borrowings	122,298,662,238.08	102,990,746,620.44
Bonds payable	82,412,815,339.04	105,280,335,177.33
Long-term payables	4,110,802,410.54	11,475,982,282.16
Long term salary payable	3,827,144,014.43	3,464,127,726.07
Specific item payable	1,034,023,629.87	1,082,434,659.46
Liabilities in advance	3,267,965,622.42	3,533,810,927.06
Deferred revenue	4,699,654,720.40	2,686,539,232.14
Deferred income tax liabilities	8,990,087,125.70	7,722,374,911.46
Other non-current liabilities	1,007,822,402.30	133,647,807.46
<b>Sub-total of non-current liabilities</b>	231,648,977,502.78	238,369,999,343.58
<b>Total liabilities</b>	678,782,751,663.60	571,121,656,137.96
<b>Equity</b>		
Paid-in capital	16,700,000,000.00	16,500,000,000.00
Including: State capital	16,700,000,000.00	16,500,000,000.00
Other equity instruments	30,000,000,000.00	10,000,000,000.00
Including: Perpetual bond	30,000,000,000.00	10,000,000,000.00
Capital surplus	59,243,089,423.26	58,047,828,222.28
Less: Treasury share	-	-
Other consolidated income	1,206,694,558.62	4,321,015,338.99
Including: Exchange differences on translating foreign operations	2,084,989,142.32	1,978,770,377.42
Special reserve	66,731,996.33	74,054,970.89
Surplus reserve	15,461,612,442.21	14,745,243,372.66
Including: Statutory provident fund	5,461,612,442.21	4,745,243,372.66
Arbitrary accumulation fund	10,000,000,000.00	10,000,000,000.00

(in RMB)	December 31, 2017	December 31, 2016
△Regulatory general reserve	3,918,257,433.80	3,381,118,242.80
Undistributed profit	158,086,767,402.70	143,442,302,848.68
<b>Total equity attributable to shareholders of parent company</b>	<b>284,683,153,256.92</b>	<b>250,511,562,996.30</b>
Non-controlling interests	234,180,604,189.38	194,095,516,321.01

## **Capital**

As of December 31, 2017, the total shareholders' equity for CMG was RMB518.86 billion (\$79.41 billion), including paid-in capital of RMB 16.70 billion (US\$2.56 billion).

CMG is not subject to any regulatory capital requirements. However, CMB is subject to regulatory capital requirements set forth by the CBRC. In accordance with the advanced capital management approach approved by CBRC in April 2014, CMB calculated core Tier-1 capital adequacy ratio, Tier-1 capital adequacy ratio and capital adequacy ratio as follows:

Figure 2: Capital ratios for CMB, as of December 31, 2017

	2017	2016
Core Tier-1 capital adequacy ratio	12.06%	11.54%
Tier-1 capital adequacy ratio	13.02%	11.54%
Capital adequacy ratio	15.48%	13.33%

Source: 2017 CMB Annual Report

## **Major Funding Sources**

CMG's major funding sources include bank and other loans and bond issuance.

CMB is CMG's indirect bank subsidiary. CMB's major funding sources include deposits as well as long-term and short-term borrowing.

## **Deposits**

Figure 3 sets forth CMB deposits from customers by product type and customer type as of December 31, 2017.

Figure 3: CMB deposits, as of December 31, 2017 (in RMB millions)

	Amount	% of Total Deposits
<i>Deposits from corporate customers</i>		
Demand deposits	1,581,802	38.92
Time deposits	1,144,021	28.15
Subtotal	2,725,823	66.07
<i>Deposits from retail customers</i>		
Demand deposits	972,291	23.92
Time deposits	366,231	9.01
Subtotal	1,338,522	32.93

<b>Total Deposits from Customers</b>	<b>4,064,345</b>	<b>100.00%</b>
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*Source: 2017 CMB Annual Report*

#### **4. Derivatives Activities and Hedging Activities**

CMB enters into interest rate, currency, and other financial derivative transactions for treasury business and its assets and liabilities management purpose. CMB’s derivative financial instruments can be divided into trading derivative financial instruments, cash flow hedge financial instruments, and derivative financial instruments managed in conjunction with financial instruments designated at fair value through profit or loss. CMB will choose appropriate hedging strategies and tools in light of the risk profile of interest rates or exchange rates of its assets and liabilities, as well as its analyses and judgment regarding future interest rates or exchange rate movements.

#### **5. Memberships in Material Payment, Clearing, and Settlement Systems**

CMBNY is a direct participant in the Fedwire Funds Service (“**Fedwire**”), the Clearing House Interbank Payments System (“**CHIPS**”), and the Society for Worldwide Interbank Financial Telecommunication (“**SWIFT**”). WLBLA and WLBSF are direct participants in Fedwire and SWIFT.

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 settled in central bank money in real time upon receipt. Once settled, Fedwire funds transfers are final and irrevocable. The U.S. branches accesses Fedwire via FedLine Direct, which allows participants to create and submit Fedwire funds messages, as well as view messages via a web-based tool.

CHIPS is the largest private-sector U.S.-dollar funds-transfer system in the world. CHIPS operates on a global business day and utilizes a sophisticated liquidity savings mechanism to provide fast, final payments while maximizing liquidity efficiency for participating banks. CHIPS is operated by The Clearing House Payments Company LLC.

SWIFT relays secure messages among financial institutions to automate and standardize financial transactions. SWIFT messages utilize specific letters and numbers to indicate specific institutions and branches, the category of the financial instruments, and other information about the transaction.

#### **6. Description of Foreign Operations**

As discussed, CMG’s global operations are divided into three core businesses: transportation, finance, and property development.

CMG’s transportation business includes ports and related services, toll road operations, shipping, logistics and marine repair, and include, among other things, the following:

- Maintaining 53 ports in 20 countries and districts;
- Serving as the largest toll road investor and operator in China and running 8777 kilometers of toll roads, bridges, and tunnels in 19 provinces;
- Operating a world-class super oil tanker fleet;
- Conducting a world-class logistics business, with 79 logistics institutions in 32 countries and districts;
- Hong Kong's biggest ship repair yard; and
- China International Marine Containers, established by CMG, is a world leading supplier of logistics and energy equipment.

CMG has a "4+N" financial system. "4" refers to banking, securities, insurance and funds. "N" includes financial leasing, assets management, and finance companies etc. This includes, among other things, CMG's 29.97% interest in CMB and the activities of its other subsidiaries, China Merchants Securities Co., Ltd. and China Merchants Life Insurance Co., Ltd.

CMG has a long history in the property development sector, dating back to the 19th century Chinese westernization movement. Currently, its property development business focusses on industrial park development and operation, residential community development and operation, and cruise industry development and operation.

## 7. Identities of Material Supervisory Authorities

The People's Bank of China ("PBOC") is China's central bank. It administers monetary policy and regulates financial institutions in China to ensure overall financial stability; manages payment, clearing, and settlement systems of the banking sector; and oversees foreign exchange policies. The PBOC supervises CMB via on-site examinations, such as CMB's compliance with anti-money laundering laws and regulations, and off-site monitoring.

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. It has authority over CMB and its subsidiaries. The overseas financial operations of CMB are under the supervision of the applicable local authorities.

The China Securities Regulatory Commission ("CSRC") is authorized by the State Council of the PRC to oversee China's centralized securities supervisory system. It has the power to regulate and supervise securities issuers, as well as to investigate and impose penalties for illegal activities relating to securities and futures. The CSRC was created in 1992 and is headquartered in Beijing. CMB, and other subsidiaries of CMG that are publicly traded on the Shanghai Stock Exchange, are subject to the regulations of the CSRC.

The Hong Kong Securities and Futures Commission ("SFC") is an independent statutory body responsible for regulating the securities and futures markets in Hong Kong. CMG's subsidiaries that are publicly traded on the Hong Kong Stock Exchange, including CMB, are subject to the regulations of the SFC.

The Hong Kong Monetary Authority ("HKMA") is the government authority in Hong Kong responsible for maintaining monetary and banking stability. It is responsible for regulating and supervising the business of banking and the business of taking deposits in Hong

Kong. CMB has a branch and a subsidiary bank, Wing Lung Bank, in Hong Kong and is therefore subject to the regulations of the HKMA.

The New York State Department of Financial Services (“**NYSDFS**”) is responsible for regulating financial services and products, including the financial institutions that are subject to the New York insurance and banking laws. CMBNY, as a state-licensed branch in New York, is subject to the supervision of the NYSDFS.

The Office of the Comptroller of the Currency (“**OCC**”) is responsible for regulating and supervising all national banks, federal savings associations, and federal branches and agencies of foreign banks. WBLA and WLBSF, as federally-licensed branches, are subject to the supervision of the OCC.

The FRB is responsible for regulating a wide range of financial institutions and activities, working with both federal and state supervisory authorities to ensure the safety and soundness of financial institutions, stability in the financial markets, and fair and equitable treatment of consumers in their financial transactions. The FRB has primary supervisory authority for state banks that elect to become members of the Federal Reserve System. It also supervises branches of foreign banking organizations in the United States, which includes CMBNY, WBLA, and WLBSF.

## 8. Identities of Principal Officers

Figure 4: CMG’s Board of Directors and Senior Management

Name	Title
Mr. Li Jianhong	Chairman
Mr. Fu Gangfeng	Director & Group President
Mr. Hu Jianhua	Director
Ms. Duan Xianghui	Director
Mr. Luo Dongjiang	Director
Mr. PEI Kerwei	Director
Mr. Ren Binyan	Director
Ms. Wu Andi	Director
Mr. Chen Zuofu	Director
Mr. Chu Zongsheng	Secretary of the Board
Mr. Wang Hong	Executive Vice President
Mr. Deng Renjie	Executive Vice President
Mr. Wang Cuijun	Executive Vice President
Mr. Zhou Song	Chief Financial Officer

## **9. Description of Corporate Governance Structure and Processes Related to Resolution Planning**

Resolution planning involves several levels of CMG’s corporate structure, but ultimate responsibility for all corporate governance of CMG resides with the CMG’s board of directors (“**CMG Board**”), which may delegate its authority and oversight responsibilities.

The initial draft of the 2018 Tailored Plan was prepared in September 2018. CMBNY’s MC, WLBUS’s USRMC and the senior management of China Merchants Finance Holdings Company Limited (“**CMFH**”) reviewed and provided comments. After several drafts, this 2018 Tailored Plan to presented to the Chairman of the CMG’s Board of Directors, Mr. Jianhong Li for review and approval. On December 28, 2018, Mr. Li approved this 2018 Tailored Plan and Ms. Lian Duan of CMBNY filed it with the Federal Reserve Board and the FDIC.

## **10. Description of Material Management Information Systems**

As discussed above, CMG does not have any nonbanking Material Entities, Core Business Lines, or Critical Operations domiciled in the United States or conducted in whole or material part in the United States. Accordingly, this section requiring information about the material management information systems of CMG’s nonbanking Material Entities and operations is not applicable to CMG for purposes of this 2018 Tailored Plan.

## **11. Summary of the Resolution Strategy**

As discussed above, CMG does not have any nonbanking Material Entities, Core Business Lines, or Critical Operations domiciled in the United States or conducted in whole or material part in the United States. Accordingly, this section requiring information about the material management information systems of CMG’s nonbanking Material Entities and operations is not applicable to CMG for purposes of this 2018 Tailored Plan.