

UNITED STATES OF AMERICA  
BEFORE THE  
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON, D.C.

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES  
NEW YORK, NEW YORK

Written Agreement by and among

CHINA CONSTRUCTION BANK  
CORPORATION  
Beijing, People's Republic of China

CHINA CONSTRUCTION BANK  
NEW YORK BRANCH  
New York, New York

FEDERAL RESERVE BANK OF NEW YORK  
New York, New York

and

NEW YORK STATE DEPARTMENT OF  
FINANCIAL SERVICES  
New York, New York

Docket Nos. 15-017-WA/RB-FB  
15-017-WA/RB-FBR

WHEREAS, China Construction Bank Corporation, Beijing, People's Republic of China (the "Bank") is a foreign bank as defined in section 1(b)(7) of the International Banking Act (12 U.S.C. § 3101(7));

WHEREAS, the Bank conducts operations in the United States through a branch in New York, New York (the "Branch") for which the Board of Governors of the Federal Reserve System (the "Board of Governors") is the appropriate federal supervisor;

WHEREAS, the New York State Department of Financial Services (“NYSDFS”) is the appropriate state supervisor for the Branch;

WHEREAS, the Bank and the Branch are taking steps to address deficiencies relating to the Branch’s risk management and compliance with applicable federal and state laws, rules, and regulations relating to anti-money laundering (“AML”) compliance, including the Bank Secrecy Act (“BSA”) (31 U.S.C. § 5311 *et seq.*); the rules and regulations issued thereunder by the U.S. Department of the Treasury (31 C.F.R. Chapter X); and the requirements of Regulation K of the Board of Governors to report suspicious activity and to maintain an adequate BSA/AML compliance program (12 C.F.R. §§211.24(f) and 211.24(j)) (collectively, the “BSA/AML Requirements”); and the regulations of the NYSDFS (3 N.Y.C.R.R Parts 116 and 300) (the “State Regulations”);

WHEREAS, it is the common goal of the Federal Reserve Bank of New York (the “Reserve Bank”), the NYSDFS, the Bank, and the Branch that the Branch operates in compliance with all applicable federal and state laws, rules, and regulations; and

WHEREAS, on July 13, 2015, the board of directors of the Bank, at a duly constituted meeting, adopted a resolution authorizing and directing Mr. Wang Zuji and Mr. Zhang Jun to enter into this Written Agreement (the “Agreement”) on behalf of the Bank and the Branch, respectively, and consenting to compliance with each and every provision of this Agreement by the Bank and the Branch.

NOW, THEREFORE, the Reserve Bank, the NYSDFS, the Bank, and the Branch hereby agree as follows:

## **BSA/AML Compliance Program**

1. Within 60 days of this Agreement, the Bank and the Branch shall jointly submit a written enhanced BSA/AML compliance program for the Branch acceptable to the Reserve Bank and the NYSDFS (the “Supervisors”). At a minimum, the program shall provide for:

- (a) a system of internal controls designed to ensure compliance with the BSA/AML Requirements and State Regulations;
- (b) internal controls designed to ensure compliance with all requirements relating to correspondent accounts for foreign financial institutions, including, but not limited to, affiliates;
- (c) a comprehensive BSA/AML risk assessment that appropriately identifies and considers all products and services of the Branch, customer types and geographic risks, as appropriate, in determining inherent and residual risks;
- (d) internal controls to ensure that the data received by the Branch’s BSA/AML monitoring system is complete and interpretable by the system; and
- (e) effective training for all appropriate Branch personnel and appropriate personnel of affiliates that perform BSA/AML compliance-related functions for the Branch in all aspects of the BSA/AML Requirements, State Regulations, and internal policies and procedures.

## **Customer Due Diligence**

2. Within 60 days of this Agreement, the Bank and the Branch shall jointly submit a written enhanced customer due diligence program for the Branch acceptable to the Supervisors. At a minimum, the program shall include:

(a) a revised methodology for determining risk ratings for account holders that considers factors such as type of customer, type of products and services, and geographic location;

(b) policies, procedures, and controls to ensure that foreign correspondent accounts, including, but not limited to affiliates, are accorded the appropriate due diligence, and where necessary, enhanced due diligence; and

(c) periodic reviews and evaluations of customer and account information for the entire customer base to ensure that information is current, complete, and that the risk profile reflects the current information, and if applicable, documenting rationales for any revisions made to the customer risk rating.

### **Suspicious Activity Monitoring and Reporting**

3. Within 60 days of this Agreement, the Bank and the Branch shall jointly submit a written program acceptable to the Supervisors to reasonably ensure the identification and timely, accurate, and complete reporting by the Branch of all known or suspected violations of law or suspicious transactions to law enforcement and supervisory authorities, as required by applicable suspicious activity reporting laws and regulations. At a minimum, the program shall include:

(a) a well-documented methodology for establishing monitoring rules and thresholds appropriate for the Branch's profile which considers factors such as type of customer, type of product or service, geographic location, and foreign correspondent banking activities, including U.S. dollar clearing activities;

(b) policies and procedures for analyzing, testing, and documenting changes to monitoring rules and thresholds;

(c) enhanced monitoring and investigation criteria and procedures to ensure the timely detection, investigation, and reporting of all known or suspected violations of law and suspicious transactions, including, but not limited to:

(i) effective monitoring of customer accounts and transactions, including, but not limited to, transactions conducted through foreign correspondent accounts;

(ii) adequate escalation of information about potentially suspicious activity through appropriate levels of management;

(iii) maintenance of sufficient documentation with respect to the investigation and analysis of potentially suspicious activity, including the resolution and escalation of concerns; and

(iv) maintenance of accurate and comprehensive customer and transactional data and ensuring that it is applied to the Branch's compliance program; and

(d) policies and procedures to ensure all necessary customer and transactional data is collected from across all business lines and is aggregated into an appropriate transaction monitoring system to ensure comprehensive suspicious activity monitoring;

(e) identification and remediation of data deficiencies in cross border cover payment messages;

(f) a timeline to review key systems and to remediate deficiencies; and

(g) measures to ensure BSA/AML issues are appropriately tracked, escalated and reviewed by the Branch's senior management.

### **Transaction Review**

4. (a) Within 30 days of this Agreement, the Bank and the Branch shall engage an independent third party acceptable to the Supervisors to conduct a review of the Branch's

U.S. dollar clearing transaction activity from July 1, 2013 to December 31, 2013 to determine whether suspicious activity involving high risk customers or transactions at, by, or through the Branch was properly identified and reported in accordance with applicable suspicious activity reporting regulations (the “Transaction Review”) and to prepare a written report detailing the independent third party’s findings (the “Transaction Review Report”).

(b) based on the Supervisor’s evaluation of the results of the Transaction Review, the Supervisors may direct the Bank and the Branch to engage the independent third party to conduct a review of the types of transactions described in paragraph 5(a) for additional time periods.

5. Within 10 days of the engagement of the independent third party, but prior to the commencement of the Transaction Review, the Bank and the Branch shall jointly submit to the Supervisors for approval an engagement letter that sets forth:

- (a) the scope of the Transaction Review;
- (b) the methodology for conducting the Transaction Review, including any sampling procedures to be followed;
- (c) the expertise and resources to be dedicated to the Transaction Review;
- (d) the anticipated date of completion of the Transaction Review and the Transaction Review Report; and
- (e) a commitment that supporting material and drafts associated with the Transaction Review and the Transaction Review Report will be made available to the Supervisors upon request.

6. The Bank and the Branch shall provide to the Supervisors a copy of the Transaction Review Report at the same time that the report is provided to the Bank and the Branch.

7. Throughout the Transaction Review, the Bank and the Branch shall ensure that all matters or transactions required to be reported that have not previously been reported are reported in accordance with applicable rules and regulations.

### **Compliance with Regulatory Requests**

8. The Bank and the Branch shall immediately take all necessary steps to ensure that Section 314(a) information requests received by the Branch from the Financial Crimes Enforcement Network (“FinCEN”) are conducted within the required search and reporting timeframes, as required under 31 C.F.R. § 1010.520(b)(3)(i), and adequate documentation of search results and notifications to FinCEN are maintained to evidence compliance.

### **Internal Audit**

9. Within 60 days of this Agreement, the Bank and the Branch shall jointly submit a written enhanced internal audit program for the Branch acceptable to the Supervisors that shall, at a minimum, provide for:

(a) timely escalation and resolution of audit findings and follow-up reviews to ensure completion of corrective measures; and

(b) comprehensive tracking and reporting of the status and resolution of audit and examination findings to the Bank’s board of directors.

## **Primary Contact**

10. Within 10 days of this Agreement, the Bank and the Branch shall designate an officer to be responsible for coordinating and submitting to the Supervisors the written programs, and engagement letter required under the terms of this Agreement.

## **Approval, Implementation, and Progress Reports**

11. (a) The Bank and the Branch shall jointly submit the written programs that are acceptable to the Supervisors within the applicable time periods set forth in paragraphs 1, 2, 3, and 9 of this Agreement. Each program shall contain a timeline for full implementation of the program with specific deadlines for the completion of each component of the program. An independent third party acceptable to the Supervisors shall be retained in accordance with the Supervisors' requirements by the Bank and the Branch within the time period set forth in paragraph 4(a) of this Agreement. The engagement letter shall be submitted to the Supervisors within the time period set forth in paragraph 5 of this Agreement.

(b) Within 10 days of acceptance by the Supervisors, the Bank and the Branch shall adopt the programs. Upon adoption, the Bank and the Branch shall implement the programs and thereafter fully comply with them.

(c) During the term of this Agreement, the approved programs and engagement letter shall not be amended or rescinded without the prior written approval of the Supervisors.

12. Within 30 days after the end of each month following the date of this Agreement, the Bank and the Branch shall submit to the Supervisors written progress reports detailing the form and manner of all actions taken to secure compliance with the provisions of this Agreement

and the results thereof. The Supervisors may, in writing, discontinue the requirement for progress reports or modify the reporting schedule.

## **Notices**

13. All communications regarding this Agreement shall be sent to:

- (a) Mr. F. Christopher Calabia  
Senior Vice President  
Federal Reserve Bank of New York  
33 Liberty Street  
New York, New York 10045
- (b) Mr. Jeffrey G. Raymond  
Deputy Superintendent  
New York State Department of Financial Services  
One State Street  
New York, New York 10004
- (c) Mr. Wang Zuji  
President  
China Construction Bank Corporation  
No. 25 Financial Street  
Xicheng District  
Beijing, Peoples Republic of China, 10032 PRC
- (d) Mr. Zhang Jun  
General Manager  
China Construction Bank  
New York Branch  
1095 Avenue of the Americas, 33<sup>rd</sup> Floor  
New York, New York 10036

## **Miscellaneous**

14. The provisions of this Agreement shall be binding on the Bank and the Branch and each of their institution-affiliated parties, as defined in sections 3(u) and 8(b)(4) of the Federal Deposit Insurance Act, as amended (the “FDI Act”) (12 U.S.C. §§ 1813(u) and 1818(b)(4)) in their capacities as such, and their successors and assigns.

15. Each provision of this Agreement shall remain effective and enforceable until stayed, modified, terminated, or suspended in writing by the Supervisors.

16. Notwithstanding any provision of this Agreement, the Supervisors may, in their sole discretion, grant written extensions of time to the Bank and the Branch to comply with any provision of this Agreement.

17. The provisions of this Agreement shall not bar, estop, or otherwise prevent the Board of Governors, the Supervisors, or any other federal or state agency from taking any further or other action affecting the Bank and the Branch, any subsidiary thereof, or any of their current or former institution-affiliated parties or their successors or assigns.

18. Pursuant to section 50 of the FDI Act (12 U.S.C. § 1831aa), this Agreement is enforceable by the Board of Governors under section 8 of the FDI Act (12 U.S.C. § 1818), and by the NYSDFS pursuant to section 39 of the New York State Banking Law.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the 16<sup>th</sup> day of July, 2015.

CHINA CONSTRUCTION BANK  
CORPORATION

FEDERAL RESERVE BANK OF  
NEW YORK

By: /s/ Wang Zuji  
Wang Zuji  
President

By: /s/ F. Christopher Calabia  
F. Christopher Calabia  
Senior Vice President

CHINA CONSTRUCTION BANK  
NEW YORK BRANCH

NEW YORK STATE DEPARTMENT OF  
FINANCIAL SERVICES

By: /s/ Zhang Jun  
Zhang Jun  
General Manager

By: /s/ Jeffrey G. Raymond  
Jeffrey G. Raymond  
Deputy Superintendent