



Comptroller of the Currency
Administrator of National Banks

Northeastern District Office
1114 Avenue of the Americas, Suite 3900
New York, N.Y. 10036

Licensing Division
Telephone No.: 212.790.4055
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Conditional Approval #487
September 2001

August 31, 2001

By facsimile: (212) 699-2819
and regular mail.

Mr. Timothy Chan
Vice President and Manager
New York Branch
Shanghai Commercial Bank Ltd..
125 East 56th Street (Ground Floor)
New York, New York 10022-2603

Re: Application by Shanghai Commercial Bank Ltd. to establish a new national bank titled Shanghai Commercial Bank (New York), National Association, New York, New York and to establish a branch.

Control No.: 2001-NE-01-0007 and
2001-NE-05-0057

Charter No.: 24243

Dear Mr. Chan:

The Office of the Comptroller of the Currency (OCC) has reviewed your application to establish a new national bank with the title of Shanghai Commercial Bank (New York), National Association (“Bank” or “SCBNY”). On August 31, 2001, after thorough evaluation of all data available to OCC, we found that your proposal met requirements for preliminary conditional approval. Your request to establish a branch in New York City, New York is also approved.

This preliminary conditional approval is granted based on a thorough review of all information available, including commitments and representations made in the application and by the proposed bank’s representatives. Prior to opening, SCBNY has made a commitment to increase the proposed board of directors by one additional member with retail banking experience and to make specific modifications to the proposed CRA plans that are acceptable to the supervisory office. We also made our decision to grant preliminary conditional approval with the understanding that the proposed national bank will apply for membership in the Federal Reserve System and obtain FDIC insurance.

This is preliminary conditional approval only. Final approval will not be granted until and unless the Federal Reserve Board acts favorably on Shanghai Commercial Bank Ltd. application with them

to acquire this new bank. You must furnish the OCC's Northeastern District Office with a copy of all related filings to the Federal Reserve, including registration material.

This conditional approval, and the activities and communications by OCC employees in connection with the filing, do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the U.S., any agency or entity of the U.S., or an officer or employee of the U.S., and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. The foregoing may not be waived or modified by any employee or agent of the OCC or the U.S.

Final charter approval will be subject to the condition that the Bank obtain the OCC's non-objection before any significant deviation or change from the proposed operating plan during the Bank's first three years of operation. The Bank will be required to notify the New York Field Office at least sixty (60) days prior to any proposed significant deviation or change, and obtain the OCC's non-objection in writing, to such a proposed deviation or change. The Bank will also be required to provide a copy of such notice to the FDIC's Regional Office in New York, New York.

Please be advised that the above-listed condition of this approval is deemed to be a condition "imposed in writing by the agency in connection with the granting of any application or other request" within the meaning of 12 U.S.C. § 1818(b)(1). The condition is enforceable under 12 U.S.C. § 1818.

The bank's paid-in capital, net of organizational and preopening expenses, shall be no less than \$15 million. The manner in which capital is raised must not deviate from that described in the operating plan without prior OCC notification. If the capital for the new bank is not raised within 12 months or if the new bank is not opened for business within 18 months from the preliminary conditional approval date, the OCC will withdraw approval. The OCC is opposed to granting extensions, except under the most extenuating circumstances and when the OCC determines that the delay is beyond the applicant's control. The organizers are expected to proceed diligently, consistent with their application, for the bank to open for business as soon as possible.

Until final approval is granted, the OCC has the right to alter, suspend, or revoke preliminary approval should any interim development be deemed by the OCC to warrant such action.

Please refer to the "Corporate Organization" booklet (enclosed) in the Comptroller's Corporate Manual for the instructions on organizing your bank. The booklet contains all the steps you must take to receive your charter. As detailed in the booklet, you may establish the corporate existence of and begin organizing the bank as soon as you adopt and forward acceptable Articles of Association and the Organization Certificate to this office. As a "body corporate" or legal entity, you may begin taking those steps necessary for obtaining final approval, but you may not begin the business of banking until you fulfill all requirements for a bank in organization and you are granted final approval by the OCC.

Enclosed are standard requirements that must be met before the bank will be allowed to commence business. Management must ensure that the applicable policies and procedures are established and adopted by the board of directors before the bank begins operations. Applicable

standard requirements also must be satisfied before the bank will be allowed to commence business.

The OCC poses no objection to the following persons serving as director and officers as proposed in the application.

Timothy Kam-tim Chan	President and CEO
David Culver Kenny	Director
Ta-chun Hsu	Director
Chia-kun Chu	Director
David Sek-chi Kwok	Director

All other executive officers and directors are subject to the OCC's prior review and clearance. You are also reminded that for a period of two years after the bank has opened for business, the OCC must review and have no objections to any new executive officer or director prior to that person assuming such positions.

Not all background checks requested by the OCC have been received yet. Although we have decided not to delay action pending receipt of those responses, the OCC may consider remedies available to it if adverse or previously withheld information is received.

The OCC will send to you under separate cover an appropriate set of OCC handbooks, manuals, issuances, and selected other publications.

You should direct any questions concerning this preliminary conditional approval to Gabriel Butler, Licensing Analyst at (212) 790-4055.

Sincerely,

-signed-

Sandya Reddy
Acting Licensing Manager

Enclosures: "Corporate Organization" Booklet
Minimum Policies and Procedures
Standard Requirement
"The Internet and the National Bank Charter" Booklet