



Comptroller of the Currency
Administrator of National Banks

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April 13, 2011

Conditional Approval #995
May 2011

Barbara R. Mendelson
Morrison & Foerster
1290 Avenue of the Americas
New York, New York 10104-0050

Re: Application by Bank of Communications Co. Ltd. (“Bank of Communications”),
Shanghai, People’s Republic of China to establish a limited Federal Branch in San
Francisco, California with the title “Bank of Communications, San Francisco Branch”

Control Number: 2009 IB 10 0001

Dear Ms. Mendelson:

I have reviewed the subject application by Bank of Communications to establish a limited Federal Branch, with the title of “Bank of Communications, San Francisco Branch”, to be located at 575 Market Street, 38th Floor, San Francisco, California 94105 (hereinafter “San Francisco Branch”). After a thorough evaluation of all data available to the Office of the Comptroller of the Currency (“OCC”), I find the proposal meets the requirements for preliminary conditional approval.

This preliminary conditional approval is granted based on a thorough review of all information available, including the representations and commitments made in the application by Bank of Communications. As a limited Federal Branch, the San Francisco Branch shall operate in accordance with 12 C.F.R. § 28.11(s), which by definition permits the San Francisco branch to “receive only those deposits permissible for an Edge corporation to receive.” See 12 C.F.R. § 211.6 (Permissible Activities of Edge corporations).

The San Francisco Branch’s Capital Equivalency Deposit shall be maintained in a U.S. member bank, consistent with 12 U.S.C. § 3102(g) and 12 C.F.R. § 28.15, and pursuant to an agreement in such form and containing such limitations and conditions as prescribed by 12 C.F.R. § 28.15.

I have granted preliminary conditional approval only. Final approval will not be granted until all other pre-opening requirements have been met, and the OCC determines that the San Francisco Branch is ready to commence operations. Until final approval is granted, the OCC has the right to alter, suspend, or revoke this preliminary conditional approval should the OCC deem any

interim development to warrant such action.

This preliminary conditional approval is subject to the following conditions:

1. In addition to compliance with other applicable requirements under United States law, Bank of Communications and its San Francisco Branch shall make available to the OCC such information on the operations and activities of Bank of Communications, its branches, and any of Bank of Communications' affiliates that the OCC deems necessary to determine and enforce compliance by the San Francisco Branch with the International Banking Act and other applicable federal laws. If the disclosure of any required information is prohibited by law or otherwise, Bank of Communications and its San Francisco Branch shall cooperate with the OCC including seeking timely waivers for exemptions from any applicable confidentiality or secrecy restrictions or requirements in order to enable Bank of Communications, its branches, and Bank of Communications' affiliates to make such information available to the OCC.
2. Bank of Communications and its San Francisco Branch consent to the jurisdiction of the federal courts of the United States and of all United States government agencies, departments and divisions for purposes of any and all claims made by, proceedings initiated by, or obligations to, the United States, the OCC and any other United States government agency, department or division, in any matter arising under the National Bank Act, the International Banking Act, and other applicable federal laws.
3. During its first three (3) years of operation, the San Francisco Branch: (i) shall give the OCC's International Banking Supervision Office at least sixty (60) days prior written notice of its intent to significantly deviate or change from its business plan or operations and (ii) shall obtain the OCC's written determination of no objection before it either engages in any significant deviation or change from its business plan or operations. The OCC may impose additional conditions that it deems appropriate in a written determination of no objection to the San Francisco Branch's notice.
4. Bank of Communications and its San Francisco Branch must comply with all understandings and commitments contained in any approval order issued by the Federal Reserve Board in connection with the proposed San Francisco Branch.
5. Prior to opening, the San Francisco Limited Federal Branch must hire a qualified individual, subject to no objection by the OCC, to provide independent on-site monitoring of branch activities for adherence with applicable compliance laws and regulations, including the Bank Secrecy Act/Anti-Money Laundering laws (BSA/AML), U.S.A. Patriot Act and Office of Foreign Assets Control (OFAC) regulations.
6. Prior to opening, the San Francisco Limited Federal Branch must have filled at least one of the two proposed "Banking Department" staff positions, subject to no objection by the

OCC. The position must be filled by a qualified individual with prior compliance experience, including experience in BSA/AML, USA Patriot Act and OFAC compliance.

These conditions of approval are conditions imposed in writing by a Federal banking agency in connection with any action on any application, notice or other request within the meaning of 12 U.S.C. § 1818 (b). As such, the conditions are enforceable under 12 U.S.C. §1818 (b).

In connection with this preliminary conditional approval to establish the San Francisco Branch, final approval will not be granted until the applicant has met the following procedural requirements and the OCC determines that the San Francisco Branch is ready to commence operations as a limited Federal branch.

- The San Francisco Branch must have adequate fidelity insurance coverage.
- The San Francisco Branch must open within eighteen (18) months of the date of this preliminary conditional approval; otherwise, the approval is withdrawn.
- The San Francisco Branch will maintain its accounts, books, and records as prescribed by 12 C.F.R. Part 28 and in such a manner as to facilitate the complete and accurate presentation of financial statements and other reports in form and content as required by the OCC.
- Management must ensure applicable policies and procedures are established and approved by the board of directors before the San Francisco Branch commences business. *Please refer to the enclosed minimum policies and procedures for guidance.*

Also, enclosed are standard requirements that must be met, as applicable, before the San Francisco Branch will be allowed to commence business.

Please notify our office at least 45 days prior to the date the San Francisco Branch will open for business so that we may schedule a pre-opening examination and issue the license granting final approval for its establishment and operation.

The OCC poses no objection to the following individuals serving in their respective positions as proposed in the application:

- Mr. Shaohui Yang - Proposed General Manager
- Mr. Wiejie Wang – Proposed Deputy General Manager

Background checks requested by the OCC have not been received from several sources for Mr. Yang. While we have decided not to delay action pending receipt of these responses, the continued service of Mr. Yang will be dependent on satisfactory completion of the background investigation process. Additionally, the OCC may consider remedies available to it if adverse or

previously withheld information is received.

You are reminded that for a period of two years after the San Francisco Branch is opened for business, the OCC must review and approve the appointment of any new executive officer *prior* to that person assuming such position.

This 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 United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. Our preliminary conditional approval is based on the bank's representations, submissions, and information available to the OCC as of this date. The OCC may modify, suspend or rescind this approval if a material change in the information on which the OCC relied occurs prior to the date of the transaction to which this decision pertains. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

The OCC will send under separate cover an appropriate set of OCC handbooks, issuances, and other selected publications. If you have questions, you may contact Wai-Fan Chang, Licensing Analyst, at (212) 790-4055.

Sincerely,

Steven Maggio

Steven Maggio
Director for District Licensing