



Office of the Comptroller of the Currency

Northeastern District
340 Madison Ave., Fifth Floor
New York, NY 10173

Conditional Approval #1102 August 2014

July 3, 2014

Patrick Fields, Esq.
Squire Sanders (US) LLP
555 South Flowers Street, 31st Floor
Los Angeles, California 90071

Re: Application by Wing Lung Bank Ltd. Hong Kong to Establish a Federal Branch in San Francisco and to Upgrade the Limited Federal Branch in Los Angeles to a Federal Branch

Control Numbers: 2012- NE-FB&A-AddEst-135010 (formerly 2012 IB 10 0004)
2012-NE-FB&A-Conversion-135017 (formerly 2012 IB 10 0005)

Dear Mr. Fields:

On January 14, 2014, the Office of the Comptroller of the Currency (“OCC”) conditionally approved the application by Wing Lung Bank Ltd., Hong Kong, Special Administrative Region of the People’s Republic of China (“Wing Lung Bank” or “Bank”) to establish a Federal Branch, with the title of “Wing Lung Bank San Francisco Federal Branch” to be located at Steuart Tower, One Market Plaza, San Francisco, California 94105 (“San Francisco Branch”). You have met all the requirements imposed by the OCC and have represented to the OCC that you have performed all of the necessary steps to commence business as a Federal Branch. This letter constitutes the final approval granted by the OCC to Wing Lung Bank to establish the Federal Branch and to commence operations effective July 7, 2014.

Additionally, the OCC grants final approval to upgrade the limited Federal Branch located at 201 East Valley Boulevard, Alhambra, California (“Los Angeles Branch”) to a Federal branch, effective July 7, 2014.

This final approval of the establishment of the San Francisco Branch and upgrade of the Los Angeles Branch (“Branches”) is subject to the following conditions:

1. In addition to compliance with other applicable requirements under United States law, China Merchants Bank Co., Limited (“Parent”), Wing Lung Bank, and Branches shall make available to the OCC such information on the operations and activities of the Parent, Bank, Branches, and any of, the Parent and Banks’ affiliates (hereinafter “Affiliates”) that the OCC deems necessary to determine and enforce compliance by the Branches with the International Banking Act and other applicable federal laws. If the

disclosure of any required information is prohibited by law or otherwise, the Parent, Bank, and Branches shall cooperate with the OCC including seeking timely waivers for exemptions from any applicable confidentiality or secrecy restrictions or requirements in order to enable the Parent, Bank, Branches, and Affiliates to make such information available to the OCC.

2. The Parent, Wing Lung Bank, and Branches 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 Branches: (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 the Branches either engage in any significant deviation or change from its business plan or operations. The OCC may impose additional conditions it deems appropriate in a written determination of no objection to the Branches' notice.
4. The Branches must maintain risk management processes to effectively identify and aggregate all common and related customers' transactions at both Branches to quantify and control any associated risks, including Bank Secrecy Act/Anti-Money Laundering and Office of Foreign Asset Control (OFAC) risk.
5. The Parent, Wing Lung Bank, and the Branches must comply with all understandings and commitments contained in any approval order or letter issued by the Federal Reserve Board in connection with the Branches.

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. As such, the conditions are enforceable under 12 U.S.C. § 1818.

Also, Wing Lung Bank and the San Francisco Branch are reminded that several of the standard requirements enclosed as part of the preliminary conditional approval letter dated January 14, 2014 will continue to apply once the San Francisco Branch opens and, by opening, Wing Lung Bank agrees to subject the San Francisco Branch to these requirements of operation. Some of the requirements bear reiteration here:

1. For a period of two years after the San Francisco Branch has opened for business, the San Francisco Branch must secure the OCC's written approval prior to the appointment of any new senior executive officer, as provided for in 12 C.F.R. § 5.51.
2. The OCC requires that, prior to opening, the San Francisco Branch engage an independent, external auditor to perform an audit according to generally accepted auditing standards of sufficient scope to enable the auditor to render an opinion on the financial statements of the San Francisco Branch, taken as a whole. The audit period shall commence on the date that the San Francisco Branch opens and may end on any calendar quarter-end no later than 12 months after the San Francisco Branch opens. The OCC expects that such audits will be performed annually for at least three years following commencement of operations. Engagement of an auditor was verified during the pre-opening examination (see the "Corporate Organization" booklet).
3. The San Francisco Branch will maintain accounts, books, and records as prescribed by 12 C.F.R. §§ 28.15 and 28.18 and in such manner as to facilitate the complete and accurate presentation of financial statements and other reports in form and content as required by the OCC.
4. The San Francisco Branch shall maintain written policies and procedures that will guide the San Francisco Branch's operations in a safe and sound manner. These policies should be reviewed and updated as appropriate.
5. Any services performed by affiliates for the San Francisco Branch and payments to said affiliates by the San Francisco Branch will be rendered pursuant to contracts that comply with federal laws and regulation, reflect safe and sound practices, and are at costs similar to those the San Francisco Branch would pay an independent third party for the same services.

Additionally, Wing Lung Bank and the Los Angeles Branch are reminded that management must review and modify as appropriate, those policies, practices, and procedures necessary to ensure the safe and sound operation of the Los Angeles Federal branch. In addition, these policies and procedures must be approved by Wing Lung Bank's board of directors or senior management prior to adaptation and the Los Angeles Branch's activities are upgraded.

This final 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 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 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.

Your supervisory office is the International Banking Supervision division, which is part of the OCC's Large Bank supervision program. If you have any questions about the supervision of the Federal Branch, please contact Marci Heppner, Director of International Banking Supervision, at (917) 229-2470. For questions regarding this letter or other licensing matters, please contact the undersigned at (212) 790 – 4055.

We will forward you a license certificate for the San Francisco Branch under separate cover. Please retain the license certificate as part of the San Francisco Branch's official records, as it must be surrendered to the OCC in the event of liquidation or conversion.

Sincerely,

signed

Sandya Reddy
Acting Director for District Licensing