



ICBC Introduction and Bond Issuance Proposals

December, 2016

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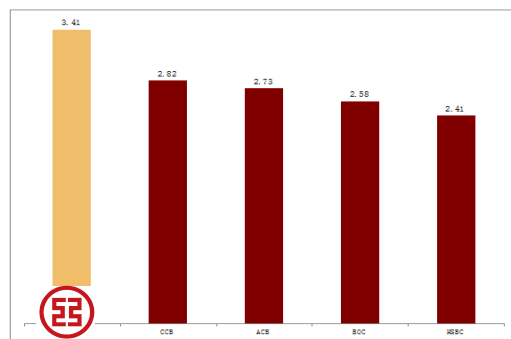
I. Partnering with the largest bank in the world

One of the Most Systemically Important Banks

- As a Global Systemically Important Bank, ICBC ranks first globally in terms of total assets, total deposits and loans, net profit and tier 1 capital



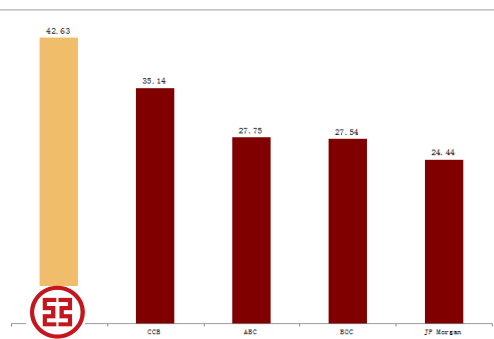
The Largest Bank by Total Assets (USD trillion)



Note: as of 31 Dec 2015



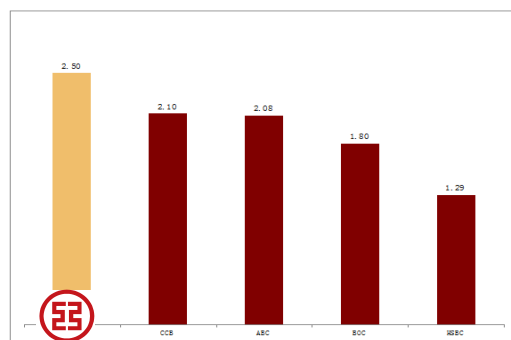
The Most Profitable Bank by Net Income (USD billion)



Note: as of 31 Dec 2015



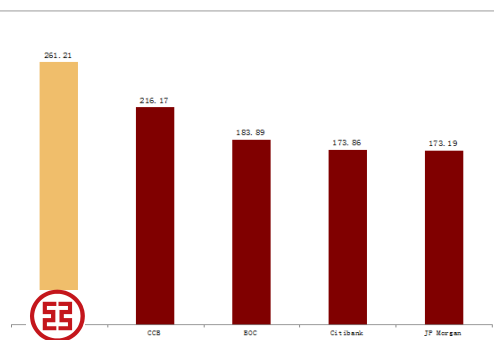
The Largest Bank by Deposits (USD trillion)



Note: as of 31 Dec 2015



The Largest Bank by Core Capital (USD billion)



Note: as of 31 Dec 2015

Note: RMB/USD as of 31 Dec 2015, which is 6.514

ICBC Awards & Honors



IFR ASIA
2015
2013 - 2012

China **Bond House** of the Year
China **Bond House** of the Year



THE ASSET
2015
2015
2014 - 2011
2014 - 2011
2014 - 2011

China **Bond House** of the Year
Best RMB Bond Underwriter (China)
Best Domestic Bank (China)
Platinum Award for All-Round Excellence
Best Service Providers, Cash Management
Best Domestic Custodian (China)



ASIAMONEY
2015

China **Bond House** of the Year



2014 - 2013 – One of the only two banks that has been selected as the Global Systemically Important Financial Institution in all emerging markets



THE BANKER
2014 –
2014 –
2015 - 2013 –

Global Bank of the Year
Bank of the Year in Asia-Pacific
Bank of the Year in China



FINANCEASIA
2014 - 2013 –
2014 - 2013 –

Best Bank in China
Best Private Bank in China



EUROMONEY
2014 –
2014 - 2012 –

Best Investment Bank in China
Best Precious Metal Trading Bank in China



THE ASIAN BANKER
2014 - 2011 –
2014 - 2011 –
2014 - 2011 –
2014 –

Best Large-Scale Retail Bank in China
Leading Counterparty Bank in China
Best Cash Management Bank in China
Best Asian International Transaction Bank



FORTUNE
2014 –
(The **1st** place on the sub-list of commercial banks)
2013 –
2012 –

The **29th** place among **Global 500** Top Companies
The **29th** place among **Global 500** Top Companies
The **54th** place among **Global 500** Top Companies



GLOBAL FINANCE
2014 - 2011 –
2014 - 2011 –
2014 –
2014 –

Best Sub-Custodian Bank in China
Best Corporate Bank in China
Best Consumer Bank in China
Best Treasury & Cash Management Bank in China

Source: Company filing

ICBC's Global Presence Covers All the Major Financial Centers

Extensive Global Network

Solid Client Base Established through Continuous Expansion

404 overseas institutions in 42 countries and regions

5320 thousand corporate customers and 496 million personal customers across the world

Correspondent relationship with 1,611 overseas banks in 147 countries and regions

International expansion and banking capabilities enhancement

17,498 domestic institutions

Note: as of 31 Dec 2015
Source: Company filing

Global Business Expansion

2016	Established branches in Rotterdam and Antwerp, Belgium
2015	Completed the acquisition of 60% of the existing issued shares in Standard Bank Plc. ICBC opened Riyadh Branch in June (First Chinese bank in Saudi Arabia)
2014	Completed the acquisition of 75.5% of the existing issued shares in Tekstilbank ICBC New Zealand, Kuwait Branch and London Branch officially started business
2013	Standard Bank Argentina S.A. was officially renamed as ICBC (Argentina) Signed the agreement on acquisition of 20% shares of Bank SinoPac
2012	Warsaw Branch was approved by overseas regulator Stepped up the institution establishment in Brazil, Peru, Riyadh and Kuwait Completed the acquisition of BEA (US) Acquired 80% shares of Standard Bank Argentina
2011	Established branches in Paris, Brussels, Amsterdam, Milan and Madrid ICBC (Luxembourg) was renamed as ICBC (Europe)
2010	Officially renamed ACL Bank Public Company Limited as ICBC (Thai) Public Company Limited
2009	Acquired Bank of East Asia (Canada) Established ICBCI Acquired Thailand's ACL Bank Public Company Limited Established branches in Hanoi and Abu Dhabi Established ICBC (Malaysia) Renamed Seng Heng Bank and ICBC Macau branches as ICBC (Macau)
2008	Acquired 20% shares of Standard Bank of South Africa - represented the largest foreign investment by a Chinese bank Established branches in Sydney, New York, Middle East and Doha Acquired Seng Heng Bank, Macau
2007	Entered Indonesia through acquiring 90% shares of Halim Bank Established ICBC (Moscow)
2006	Listed in Shanghai and Hong Kong
2000	Acquired Union Bank of Hong Kong and subsequently renamed to ICBC (Asia)
1995	London - the first presence in Europe
1992	Singapore - the very first footprint abroad

Asia Pacific



America



Europe



ICBC is your Partner of Choice in China's Interbank Bond Market

1. Unparalleled Market Leading Position in RMB issuance

- ICBC is one of the top-tier government bond and policy financial bond underwriters appointed by Ministry of Finance. ICBC is also a full-fledged market participant including open market primary dealer, interbank market bilateral market maker and the first batch of corporate notes underwriters. ICBC has been awarded “Excellent Dealer Member” and “Excellent Underwriter Member” of interbank bond market for consecutive years
- We have extensive experiences and a leading market position in either domestic or international bond market. We ranks No.1 in the CNY bond underwriting market for 9 consecutive years. Take an example of year 2015, we underwrote over 1,500 issuances with a total amount of RMB 1 trillion yuan. Moreover, ICBC has been awarded “Best Bond House” by The Asset and IFR Asia in 2015

2. The largest fixed income products investor in China

- ICBC is the largest fixed income products investor in China, owning strong financial strengths and investment capabilities . Our outstanding amount of fixed income portfolios exceeds RMB 4 trillion yuan, and our annual trading volume exceeds RMB 20 trillion yuan
- As a very sizeable investor itself, ICBC's appetite to participate in Panda bond offerings can guide the price discovery process, provide support to bond pricing and promote secondary market liquidity. ICBC participated in several recent Panda Bond issues placing anchor orders to support transactions
- ICBC plays a pivotal role in helping issuers (both international and domestic) accessing this fast growing market. ICBC is one of the only handful institutions able to hard underwrite CNY/CNH bond issuance

3. Strength in high quality communication with regulators

- As the largest bond underwriting institution in China, ICBC has extensive market experience and maintains close dialogue with regulatory authorities, including MOF, PBOC, CBRC, NAFMII and SAFE. This ensures we closely follow any regulatory changes and obtain first hand information.
- Since 2005 ICBC has been involved (directly or indirectly) in drafting rules and regulations concerning innovations in the Chinese bond market



Wind CNY Underwriting Rankings 2015

Underwriter	Ranking	Vol (in RMB100 million)	Share	No. of Issues
Industrial and Commercial Bank of China	1	11,519.58	8.92	1,526
China Construction Bank	2	9,961.47	8.53	1,163
Agricultural Bank of China	3	8,624.77	7.39	998
Bank of China	4	8,500.07	7.28	1,042
Bank of Communications	5	6,690.04	5.73	875
China Merchants Bank	6	6,017.05	5.15	877
Industrial Bank	7	5,968.48	5.11	901
Shanghai Pudong Development Bank	8	4,528.11	3.88	742
CITIC Securities	9	3,850.98	3.30	321
China Citic Bank	10	3,840.61	3.29	549

ICBC Brings Unique Value to Your Bond Transaction

Top tier support at every single step, to guarantee a successful transaction

Secure efficient preparation and smooth application process

- We have maintained a very close dialogue and reporting relationship with the Chinese regulatory authorities regarding bond underwriting business and we are very familiar with the key requirements of the regulators
- We have a professional DCM team very experienced in the Chinese bond market, maintaining close working relationships with Chinese rating agencies, legal counsels and accounting firms. The team will assist you to prepare high quality application material and present the best business case to the Chinese authorities to secure a smooth application process

Facilitate high quality communications with the regulators

- Consistent, high quality communication with the regulators (mainly PBOC and NAFMII), would speed up the Q&A and avoid any unnecessary delay. ICBC has strong long-standing relationship with the key stakeholders and we are well positioned to facilitate such high quality dialogues with the regulators
- After the submission of the application materials for Panda bond issuance, the ICBC team will keep close dialogue with the regulators at various working levels, interacting directly with the personnel in charge of each step of the approval process. We would actively seek feedback from the regulators and promptly respond to any queries from them, to expedite the approval process

Achieve optimal execution with our extensive investor network and our own ample investment appetite

- As the top underwriter in Chinese capital market, ICBC has extensive bond issuance and underwriting experience. Also as one of the key market players, we have extensive network covering all investors in China, which will greatly improve the pricing dynamics during the book-building process. We are also the largest commercial bank in China with unparalleled billing and delivering capability with our investors.
- Furthermore, ICBC is the largest investor in the Panda bond market; our appetite in a bond offering would guide the price exploit process, and provide support to bond pricing. ICBC is able to invest up to 50% of the total volume of the issuance with proprietary funds and fiduciary funds

Provide strong support to the secondary performance post issuance

- As one of the largest market makers in the domestic bond market, ICBC will actively trade your Panda bond paper post issuance, providing strong support to the secondary market liquidity and assist in your Panda bond's sustained secondary performance



II. Panda Bond Market Overview

Rules and regulations in China with regards to issuing Panda Bonds are relatively dynamic and subject to change

Development of the Panda Bond Market

- A Panda Bond is the term for a RMB denominated bond issued by foreign sovereigns, supranationals, financial institutions and corporates in the Chinese domestic (interbank) bond market



Why issue a Panda Bond?

01

Achieve competitive cost of funding relative to straight USD issuance costs

Whilst evolving, regulations in China have allowed panda bond proceeds raised in China to be repatriated and used offshore. The recent moves in CNY yields and CNH/USD cross currency basis have offered attractive funding opportunities for issuers looking to raise funding in the CNY market, transfer off-shore and swap back to USD

02

Strengthen strategic relations with China and enhance your international and domestic market profile

Accessing the domestic capital market will underscore strategic ties with China. Given the relative infancy of the Panda market, each new Panda bond is likely to generate significant positive media coverage and substantial marketing benefits

03

Diversify your existing investor base by tapping into a deep pool of new liquidity

Panda bonds will allow foreign international issuers to access a brand new source of funding. The onshore market in China is much bigger than in the offshore (CNH) market, both in terms of market size and the size of investor base; and this market is expected to grow rapidly, especially following RMB inclusion into the IMF SDR basket (joining USD, EUR, GBP and JPY), the government's effort to gradually open up its capital account, as well as the "One Belt One Road" economic collaboration and initiative

04

Capture early mover advantage within this newly opened domestic market





Opening China's capital markets to international issuers is a long-term government policy objective. Issuers are likely to benefit greatly from early access in the long term, such as potential pricing advantages, perceived scarcity value and high-profile marketing coverage

Overall Introduction to the Chinese Interbank Market

- As at the end of 2015, the balance of interbank market bonds exceeded RMB45,382.1 billion, and the interbank market transaction volume throughout 2015 amounted to RMB572,684.2 billion (including spot trading, repo and interbank lending)
- A great variety of interbank market products are available, including treasury bonds, local government bonds, MTN, CP, financial bonds, enterprise bonds, international institution bonds, asset-backed securities etc
- Institutional investors of debt financing instruments include policy banks, commercial banks, securities companies, fund and asset management companies, insurance companies, non-financial corporations, non-corporate institutions, overseas institutions etc

Recent Panda Bond Issuance




Panda Bond Issuance 2015 & 2016 YTD

Issuer	Format	Issuer Rating (M/S/F)	Bond Rating	Size (RMB mm)	Issue Date (M/D/Y)	Maturity (M/D/Y)	Coupon (%)	Clearing/Trustee	Legal Counsel	Auditor
Sovereign										
Poland	Public	A2/BBB+/A-	AAA by CCXI	3,000	08/25/2016	08/26/2019	3.400	SHCH	✓Zhong Lun Law Firm ✓Allen & Overy	N.A.
Province of British Columbia	Public	Aaa/AAA/AAA	N.A.	3,000	01/21/2016	01/25/2019	2.950	SHCH	✓King & Wood Mallesons	Internal Advisor
Republic of Korea	Public	Aa2/AA-/AA-	AAA by CCXI	3,000	12/15/2015	12/16/2018	3.000	SHCH	✓Bae Kim & Lee ✓Global Law Office	N.A.
International Development Organisations										
ICBC  World Bank	Public	Aaa/AAA/AAA	N.A.	SDR 500mn	08/31/2016	09/02/2019	0.49%	SHCH	✓King & Wood	KPMG
ICBC  New Development Bank	Public	N.A.	AAA by CCXI AAA by Lianhe	3,000	07/18/2016	07/19/2021	3.070	CCDC	✓Jun He Law Offices	Deloitte
Financial Institutions										
ICBC  Standard Chartered Bank (Hong Kong)	Public	Aa3/A-/A+	AAA by SBCR	SDR100mn	25/10/2016	26/10/2017	1.200	SHCH	✓Jun He Law Offices ✓Linklaters	KPMG
ICBC  Chong Hing Bank	Public	Baa2/-/BBB	AAA by Lianhe	1,500	05/20/2016	05/23/2019	3.600	SHCH	✓A&O ✓Global Law Office	PWC
Standard Chartered Bank (Hong Kong)	Public	Aa3/A-/A+	AAA by SBCR	1,000	12/07/2015	12/09/2018	3.500	SHCH	✓Jun He Law Offices ✓Linklaters	KPMG
The Hongkong and Shanghai Banking Corporation Limited	Public	Aa2/AA-/AA-	AAA by CCXI	1,000	09/29/2015	10/08/2018	3.500	SHCH	✓Global Law Office ✓Allen & Overy	KPMG PWC
Bank of China (Hong Kong)	Public	Aa3/A+/A	AAA by CBRC	1,000	09/29/2015	09/30/2018	3.500	SHCH	✓Zhong Lun Law Firm ✓Allen & Overy	Ernst & Young PWC

Notes: 1. CCXI is China Chengxin International Credit Rating Co., Ltd.
 2. Lianhe is China Lianhe Credit Rating Co., Ltd.
 3. SBCR is Shanghai Brilliance Credit Rating & Investors Service Co., Ltd.
 4. CBRC is China Bond Rating Co., Ltd.
 5. SHCH is Shanghai Clearing House
 6. CCDC is the China Central Depository & Clearing Co., Ltd

Recent Panda Bond Issuance(continued)

Panda Bond Issuance 2015 & 2016 YTD(continued)

	Issuer	Format	Issuer Rating (M/S/F)	Bond Rating	Size (RMB mm)	Issue Date (M/D/Y)	Maturity (M/D/Y)	Coupon (%)	Clearing/Trustee	Legal Counsel	Auditor
	Corporates										
ICBC		Wharf Holdings	Public	AAA by CCXI	AAA by CCXI	4,000	10/12/2016	10/14/2019	3.100	SHCH	✓Zhonglun Law Firm KPMG
		Veolia Environment	Private Placement	N.A.	N.A.	1,000	09/01/2016	09/02/2019	3.500	SHCH	N.A. N.A.
ICBC		Semiconductor Manufacturing International Corporation	Public	AAA by CCXI AA+ by CBRC	N.A.	600	06/03/2016	06/07/2017	2.990	SHCH	✓Grandall Law Firm ✓Conyers Dill & Pearman PWC Deloitte
		Semiconductor Manufacturing International Corporation	Public	AAA by CCXI AA+ by CBRC	AAA by CCXI AA+ by CBRC	1,500	06/06/2016	06/08/2019	3.350	SHCH	✓Grandall Law Firm ✓Conyers Dill & Pearman PWC Deloitte
ICBC		Daimler AG	Private Placement	A3/A-/A-	N.A.	4,000	06/15/2016	06/16/2017	3.480	SHCH	N.A. N.A.
		China Resources Land	Public	AAA by CCXI	AAA by CCXI	2,000 3,000	05/23/2016	05/30/2019 05/30/2021	3.200 3.600	SHCH	✓Global Law Office ✓Conyers Dill & Pearman ✓Reed Smith Richards Butler PWC
		Daimler AG	Private Placement	A3/A-/A-	N.A.	500	11/24/2015	11/24/2017	3.900	SHCH	N.A. N.A.
		Daimler AG	Private Placement	A3/A-/A-	N.A.	1,500	11/24/2015	11/24/2016	3.600	SHCH	N.A. N.A.
		China Merchants Group HK	Public	AAA by CCXI AAA by CBRC	N.A.	500	10/30/2015	11/02/2016	3.030	SHCH	✓Beijing Zhonglun Law Firm ✓Zhonglun Law Firm Deloitte
		Daimler AG	Private Placement	A3/A-/A-	N.A.	3,000	04/09/2015	04/10/2016	4.800	SHCH	N.A. N.A.

- Notes: 1. CCXI is China Chengxin International Credit Rating Co., Ltd.
 2. Lianhe is China Lianhe Credit Rating Co., Ltd.
 3. SBCR is Shanghai Brilliance Credit Rating & Investors Service Co., Ltd.
 4. CBRC is China Bond Rating Co., Ltd.
 5. SHCH is Shanghai Clearing House
 6. CTSRS is the Central Treasury Securities Registration and Settlement Co., Ltd.



III. Panda Bond Issuance and Execution Recommendations

Rules and regulations in China with regards to issuing Panda Bonds are relatively dynamic and subject to change

Overview of Panda Bond issuance

Panda Bond Key Terms			
Issuer Type	Sovereigns	Financial & Supranational	Corporate
Approval Body	PBOC preliminary approval first, then register with NAFMII	FIIs - People's Bank of China; Supranational - MOF/ PBOC	NAFMII
Issue Format	Public or Private Placement, Private Placement usually requires 30-50bps of liquidity premium		
Issuer Ratings (China Domestic Credit Ratings)	AA+ or above; otherwise credit provisions are required		
Issue Size (RMB mm)	1,000 to 3,000	1,000 to 3,000	500 to 3,000
Maturity	3-year are preferred, selectively 5-year	3-year is preferred, selectively 5-year	1-year, 3-year are preferred, selectively 5-year
Coupon Format	<ul style="list-style-type: none"> ✓ Fixed rate is preferred by investors; however, floaters may be considered ✓ Floaters which are priced in the form of a spread over the one-year fixed term deposit rate in China, are most popular among investors 		
Use of Proceeds	<ul style="list-style-type: none"> ✓ For General Corporate Purpose outside of China ✓ For General Corporate Purpose inside China 		

Other considerations

- ✓ Rating and issuer type would decide the risk weightings for FIIs and Sovereign issuers, hence impacting the pricing on the Panda bonds
 - ✓ Supranational (AAA-rated): risk weight 0%
 - ✓ Sovereign and Municipalities:
 - AA-(including) or above, 0%;
 - A-(including) or above, up to AA-, 20%;
 - BBB-(including) or above, up to A-, 50%;
 - B-(including) or above, up to BBB-, 100%
 - B- below, 150%
 - Unrated, 100%
 - ✓ Financial Institutions: risk weight depends on the rating of the registered country or region
 - AA-(including) or above, 25%;
 - A-(including) or above, up to AA-, 50%;
 - B-(including) or above, up to A-, 100%;
 - B- below, 150%
 - Unrated, 100%
 - ✓ Public sectors: risk weight is using the same principle as Financial Institutions in the registered country or region

Key Considerations of Panda Bond issuance

1 Regulatory Approvals

- ✓ In the Inter-bank Bond Market, the PBOC approves the issue of onshore RMB bonds by foreign financial institutions
- ✓ In our view the approval process is getting more efficient as policy makers are increasingly focusing on Chinese financial market liberalisation
- ✓ At the moment, the approval process might involve several rounds of Q&A to address regulators' comments; as a result we would recommend a thorough preparation of the application package

3 Rating Considerations

- ✓ Domestic rating is highly recommended as most of the Chinese investors can only participate in domestically rated offerings
- ✓ For financial institutions with high international rating, domestic rating can be waived from regulators

2 Accounting Requirements

- ✓ Financial institutions that intend to issue RMB Bonds should prepare financial reports in accordance with Chinese accounting standards for enterprises, unless the accounting standards currently have been recognised as equivalent to Chinese accounting standards by MOF
- ✓ Financial institutions that intend to issue RMB Bonds should have their financial reports audited by an appropriately qualified accounting firm in China, unless the country or region in which the financial institution is based has signed an agreement with the MOF regarding the equivalence of their regulatory regimes for audits conducted by registered accountants
- ✓ The above requirement can get waiver from regulators

4 Legal Opinions

- ✓ All issuers are required to have PRC legal counsel to issue Chinese legal opinions. The governing law of Panda Bond is PRC law and PRC legal counsel needs to produce legal opinions on whether the terms and conditions (including the use of proceeds) are in line with PRC laws and regulations
- ✓ International legal opinion is also required to make sure that the issuer has the necessary authorization and qualifications to issue Panda Bond

List of Documents Required for Panda Bond issuance¹

Documentation Package List	Notes	Lead Manager	Issuer	Agency
<i>Issuance Application</i>	Submit to PBOC	√	√	
<i>Issuer's certificate of qualification</i>	inc. Banking license, Certificate of incorporation, Business registration certificate		√	
<i>Issuer's Board resolution</i>			√	
<i>Offering Circular</i>		√	√	
<i>Issuer's audited financial reports of the recent three years</i>	Accounting & auditing principle yet to be confirmed by PBOC&MOF		√	√
<i>Issuer's financial report of the latest financial period</i>			√	√
<i>Legal opinion by a law firm registered in mainland China</i>			√	√
<i>Legal opinion by one overseas law firm</i>			√	√
<i>Credit Rating report from a domestic rating agency</i>			√	√
<i>Consent letter from an accounting firm</i>			√	√
<i>Other documents required by PBoC</i>	eg. Underwriting Agreement and Syndicate Agreement	√	√	

Panda Bond Issuance Application Form consists of:

- ✓Brief description of the Issuer
- ✓Financial Status of Issuer
- ✓The Purpose of the Panda Bond
- ✓Feasibility Considerations for issuing Panda Bond
- ✓Key terms of the Panda Bond
- ✓Closing Remarks

1. Please note the list of required documents is subject to changes, until the final regulating guidelines are published regarding foreign issuers accessing Panda Bond market.

Sample Structure for a Panda Bond Offering Circular for financial institutions

Chapter 1	Definitions
Chapter 2	Summary
Chapter 3	Order of Repayment
Chapter 4	Risk Factors
Chapter 5	Terms and Conditions of the Notes
Chapter 6	Basic Description of the Issuer
Chapter 7	Operation and Management of the Issuer
Chapter 8	Financial information of the Issuer
Chapter 9	Use of Proceeds and historical issuance

Chapter 10	Directors and Senior Management
Chapter 11	Taxation
Chapter 12	Ratings of the Notes
Chapter 13	Credit Enhancement of the Notes(if any)
Chapter 14	Information Disclosure Arrangement
Chapter 15	Issuer's Legal Counsel's Opinion
Chapter 16	Investors Protection Mechanism
Chapter 17	Other Related Parties to the Notes
Chapter 18	Reference Documents

Indicative Timetable and Work Split

Week	Course of Action	Responsible Party
1st week Kick off	The issuer completes internal authorizations for bond issuance	Issuer
	Appointment of Lead Underwriters ("LU"), Legal Counsels ("LC") and Rating Agencies ("RA")	Issuer("I")+LU
	Kick-off meeting	All parties
	Discussion with RA on issuer rating and bond specific rating	I+RA+LU
	Circulation of management Questionnaire("DDQ")	LU+ LC
	Circulation of legal DDQ	IC
2nd week - 4th week Due Diligence, Rating and Documentation	Management DD and legal DD session	All parties
	Circulation of the Underwriting Agreement and all parties to provide comments	LC+LU
	Circulation of the Offering Circular and all parties to provide comments	LC+ LU
	Circulation of the Issuance Application and all parties to provide comments	LC+ LU
	Discussion with PBOC on application documents and other issues	I+LU
	Continued discussion with RA on issuer rating and bond specific rating, and rating report signed or confirmation of issuer rating and bond rating	I+RA+LU
	Circulation of legal opinions and all parties to provide comments	IC
	Circulation of the Custodian's template service agreement and list of documents required by the Custodian, and complete the account opening work	I+LU+ Custodian
	Circulation of road show presentation and all parties to provide comments	LU
	Finalization of financial reports of the past three years and the latest financial period	Auditor

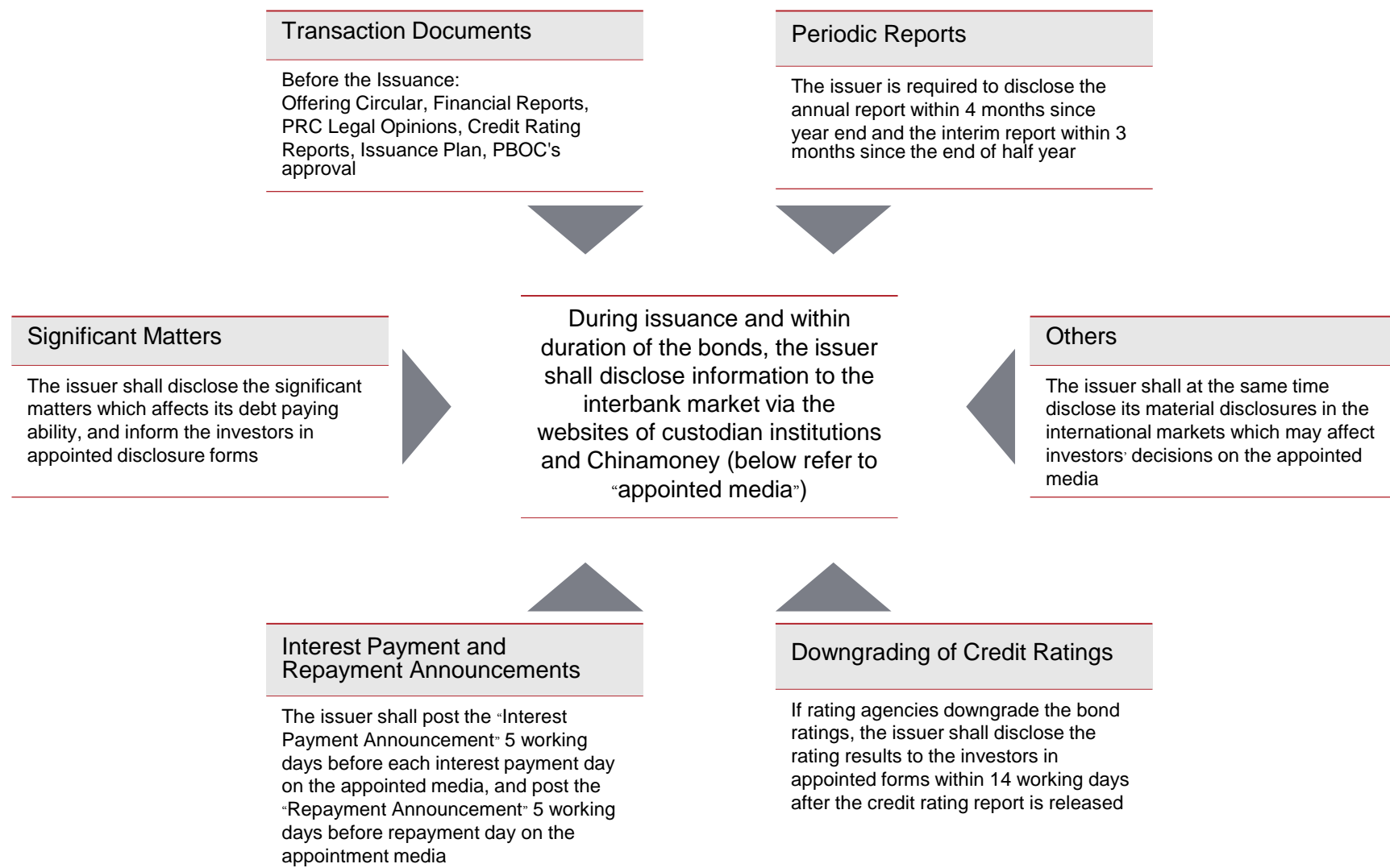
Note: 1. above timing is highly indicative and subject to approval process.

Indicative Timetable and Work Split (continued)

Week	Course of Action	Responsible Party
5th week	Transaction documents in agreed form and signed	All parties
Submission to PBOC	Submission of transaction documents to PBOC for approval	I+LU
6th - 9th week ¹ Regulatory Approval	PBOC to provide comments on transaction documents	PBOC
	All parties to discuss PBOC's comments and revise transaction documents	All parties
	Submission of revised transaction documents to PBOC for approval	I+LU
	Circulation of issuance plan and commitment letter and all parties to provide comments	LU
	Finalization of road show presentation	LU
	Finalization of issuance plan and commitment letter	All parties
	Road show	I+LU
10th week	Approval Notice received from PBOC	PBOC
Approval Received	Finalization of all the transaction documents	All parties
Issuance		
T-3	Publicize the issuance documents to investors	LU
T-1	Determine the bookbuilding interest rate range	I+LU
T	Bookbuilding and Pricing	I+LU
T+1	Billing & Delivery	LU
T+2	Listing and trading	LU

Note: 1. above timing is highly indicative and subject to approval process.

Disclosure Requirements in the Interbank Bond Market



Panda Bond Investor Base Overview

- ICBC has established close relationship with the top investors in the interbank bond market, including commercial banks, insurance companies, securities firms and fund managers. In addition, ICBC's strength in its market presence would enable a widened investor base for the issuer, by leveraging the relationships with other market players
- On February 24, 2016, PBOC announced to further open the interbank market to the qualified foreign institutional investors including foreign commercial banks, insurance companies, fund managers and pension funds, and lift the limits in the size of the investment and simplify the investment procedure
- ICBC is the largest fixed income institutional investor in China. Our outstanding amount of fixed income portfolios exceeds RMB 4 trillion yuan and annual trading volume exceeds RMB 20 trillion yuan, granting us strong financial strengths and investment capabilities. This provides great subscription support to the bond underwriting business

Key Panda Bond Investor Base

State-owned, Joint-equity and Municipal Commercial Banks	<ul style="list-style-type: none"> ✓ The largest state-owned commercial banks in China dominate the Chinese bond market (including Panda Bonds), and will continue to hold significant impact on the overall demand and pricing for a bond offering. ✓ Other large state-owned commercial banks, joint-equity and municipal commercial banks which have considerable financial strength and purchasing power, are also key investors in China. ✓ The banks' AM units are also one of the key investor base, however given the higher funding cost they require higher yield / return on investments. ✓ Commercial Banks' internal approval process for adding a new name / credit line, should be taken into consideration the timing of a bond offering.
Fund Managers and Securities Firms	<ul style="list-style-type: none"> ✓ Fund managers and securities firms are more sensitive to yields and liquidity.
Insurers	<ul style="list-style-type: none"> ✓ Another key investor base in Chinese bond market; have a preference for mid- to long-term bonds (5yr and longer) and issuers with better credit rating and yields.
Foreign institutional investors	<ul style="list-style-type: none"> ✓ QFII investors are more market driven and more familiar with foreign issuers. ✓ At the moment not a big buyer base in Panda Bonds, however could potentially grow into an important source of demand. ✓ Investment decisions often based on: yields, credit limit and allocation on a global basis, and risk assessment

Marketing Strategy for Panda Bond Issuance

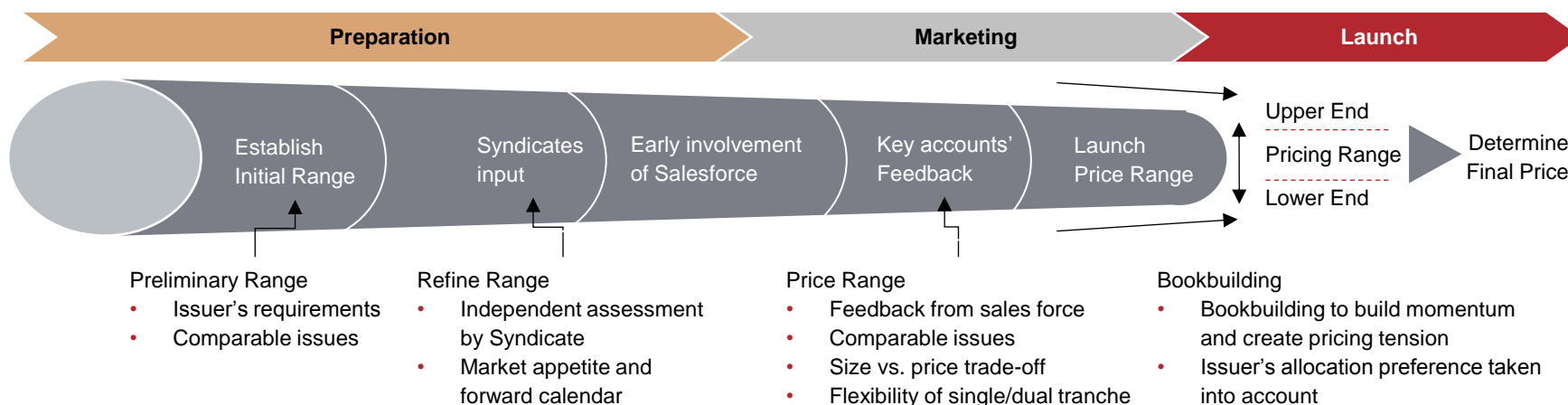
Key Marketing Strategy:

- For a debut CNY issuer, it is recommended to start marketing 2-4 weeks ahead of the launch of the trade to give investors sufficient time to obtain approval (will often need the OC for approval purpose)
- Closely monitor investor feedback from various marketing source, obtaining investors size, price, and structure preference, designing the optimal bond structure for the issuer; at the same time managing investor yield expectations in order to achieve the most cost effective pricing
- Based on the feedback and ICBC's domestic bond market experience, we will establish an underwriting group capturing key Panda bond target investors, including state-owned banks, joint equity banks, municipal commercial banks, as well as security firms with strong investment capacity



Marketing Details:

- We recommend a 2-3 day roadshow focusing on major cities in China: Beijing and Shanghai are the most important ones; and if there is more time, Shenzhen would be a good addition



The Proposed Issuance Method

Tender Offering

- Institutional investors submit tenders through the interbank bond market issuance system
- Final pricing and allocation are completed by the system and strictly follow the relevant rules
- The tender interest range should be wider than 50 basis points

Bookbuilding

- Lead underwriter organizes the syndicate group and conduct bookbuilding operation
- Lead underwriter should issue subscription instruction to the syndicate group and also to the market. Investors make subscription within the bookbuilding interest range (usually by sending the subscription offer by fax or make subscription through Beijing Financial Assets Exchange)
- Lead underwriter makes proportional allocation (generally by Dutch) and determines the final interest rate

- Bookbuilding is a set of market-oriented pricing arrangement and is widely used in the interbank bond market
- Bookbuilding includes preliminary enquiry, roadshows and other marketing activities, and also the bookbuilding, pricing and allocation process, etc. Compared with tender offering, bookbuilding is more suitable for the issuance of credit products

Advantages of Bookbuilding

Fully Tap Market Potential

The marketing and promotion activities will help investors to fully understand the investment value of the bonds, and will also provide market foundation for the interest rate range. This is very important for a successful issuance

Directly Interact with Investors

Issuers and underwriters can directly interact with the terminal investors and reduce intermediate links, thus to help control and reduce the financing cost and have greater initiatives for the over-subscription ratio

Large Negotiation Space

During the bookbuilding process, issuers and underwriters can make timely communication with key investors depending on the effective subscription amount to guarantee a full amount of the subscription orders

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