

SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section entitled “Risk Factors” of this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We were the second largest commercial bank in Heilongjiang Province, and the largest commercial bank in Harbin in terms of total assets as of 31 December 2012 and net profit for the year ended 31 December 2012. As of 31 December 2012, our total assets accounted for 11.5% of the total assets of all banking institutions in Heilongjiang Province. Our net profit for the year ended 31 December 2012 accounted for 11.2% of the net profit of all banking institutions in Heilongjiang Province for the same year, according to the records of the CBRC Heilongjiang Bureau.

In recent years, our Bank has experienced rapid growth in profits. Our net profit increased from RMB1,227.2 million for the year ended 31 December 2010 to RMB2,871.5 million for the year ended 31 December 2012, representing a CAGR of 53.0%. For the nine months ended 30 September 2013, our net profit was RMB2,371.3 million.

We have an extensive network of branch outlets, covering a broad and diverse customer base. As of 31 January 2014, we had a total of 304 branch outlets, consisting of 15 branches, 245 sub-branches, 24 Village and Township Banks and their 20 sub-branches in the PRC. Our branches and sub-branches are mainly located in Heilongjiang Province. As of 31 January 2014, we had 10 branches and 198 sub-branches in Heilongjiang Province, among which 138 sub-branches were located in Harbin. Outside Heilongjiang Province, we have five branches and 47 sub-branches in the economically developed cities in the PRC, including Tianjin, Dalian, Shenyang, Chongqing and Chengdu. Our 24 Village and Township Banks and their 20 sub-branches are located in 14 provinces and municipalities directly under the State Council.

The table below sets forth, for the periods indicated, a breakdown of our total operating income by geographical regions.

	For the year ended 31 December						For the nine months ended 30 September			
	2010		2011		2012		2012		2013	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(Unaudited)									
	(in millions of RMB, except percentages)									
Heilongjiang region ⁽¹⁾	2,779.3	85.6	4,224.5	78.0	5,020.0	65.1	3,932.2	71.7	3,840.3	64.8
Other Northeast region ⁽²⁾	246.8	7.6	424.3	7.8	872.2	11.3	541.2	9.9	656.1	11.1
Southwest region ⁽³⁾	59.4	1.8	352.1	6.5	1,122.7	14.6	611.7	11.2	897.0	15.1
Northern China ⁽⁴⁾	147.7	4.6	370.7	6.9	559.6	7.3	302.4	5.5	376.9	6.4
Other regions ⁽⁵⁾	12.2	0.4	42.4	0.8	136.8	1.7	91.5	1.7	153.3	2.6
Total operating income	3,245.4	100.0	5,414.0	100.0	7,711.3	100.0	5,479.0	100.0	5,923.6	100.0

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Notes:

- (1) Heilongjiang region: Our headquarters, Harbin Branch, Shuangyashan Branch, Jixi Branch, Hegang Branch, Suihua Branch, Daqing Branch, Qitaihe Branch, Mudanjiang Branch, Jiamusi Branch and Qiqihar Branch and the Village and Township Banks operating in Heilongjiang Province.
- (2) Other Northeast region: Dalian Branch, Shenyang Branch and the Village and Township Banks operating in the Northeast region excluding Heilongjiang Province.
- (3) Southwest region: Chengdu Branch, Chongqing Branch and the Village and Township Banks operating in Southwest region, mainly including Sichuan and Chongqing.
- (4) Northern China: Tianjin Branch and the Village and Township Banks operating in Northern China, mainly including Beijing and Hebei.
- (5) Other regions: Other Village and Township Banks except those operating in the above regions.

Our principal businesses include corporate banking business, personal banking business, treasury operations and other businesses. See “Business – Our Principal Business Activities”. The table below sets forth our operating income by business segments and the proportion to our total operating income for the periods indicated:

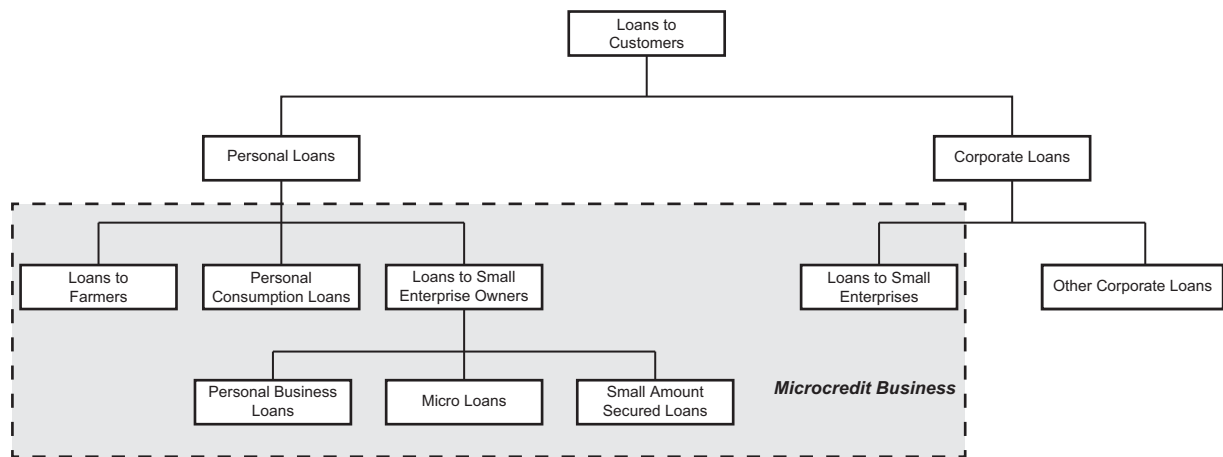
	For the year ended 31 December						For the nine months ended 30 September			
	2010		2011		2012		2012		2013	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(Unaudited)									
	(in millions of RMB, except percentages)									
Corporate banking										
business	1,502.5	46.3	2,000.2	36.9	2,585.6	33.5	1,722.4	31.4	2,034.7	34.3
Personal banking business	1,309.0	40.3	1,947.6	36.0	2,228.7	28.9	1,808.8	33.0	1,761.4	29.7
Treasury operations	377.4	11.6	1,425.6	26.3	2,808.6	36.4	1,907.1	34.8	2,111.8	35.7
Other businesses ⁽¹⁾	56.5	1.8	40.6	0.8	88.4	1.2	40.7	0.8	15.7	0.3
Total operating income	3,245.4	100.0	5,414.0	100.0	7,711.3	100.0	5,479.0	100.0	5,923.6	100.0

Note:

- (1) Other businesses comprise businesses that cannot be identified as an independent segment or to a reasonable extent in considered part of our corporate banking business, personal banking business and treasury operations. Income generated from other businesses mainly includes government subsidies, leasing income, technology consultation fees and gains from disposals of fixed assets.

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We believe we are one of the leading providers of microcredit in the PRC. We are one of only two commercial banks in China to be awarded by the CBRC as a “Leading Banking Institution Providing Services to Small and Micro Enterprises” (全國銀行業金融機構小微企業金融服務先進單位) for five consecutive times. Furthermore, we are the first PRC commercial bank to export microcredit know-how and technology to other banking institutions which is a testament to our advanced microcredit know-how and technology. On these bases, we believe we are one of the leading providers of microcredit in the PRC. Our microcredit business commenced in 2001 and our Bank is a leading provider of microcredit in the PRC. The products and services of our microcredit business consist primarily of loans to Small Enterprise Customers, personal consumption loans and loans to farmers. The loans we offer to Small Enterprise Customers consist of corporate loans to Small Enterprises (which includes small enterprises¹ and micro enterprises² as defined in the SMEs Classification Standards) and personal loans offered to Small Enterprises Owners (which refers to individual customers that are owners of small enterprises and micro enterprises). See “Business – Our Principal Business Activities – Corporate Banking Business – Microcredit Business”. The following diagram illustrates our microcredit business.



¹ According to the SMEs Classification Standards, there are different classification standards for different industries. For example, industrial enterprises having more than 20 but fewer than 1,000 employees and generating more than RMB3 million in operating income in a year are classified as small enterprises, while enterprises having more than five but fewer than 200 employees and generating more than RMB10 million in operating income in a year in the wholesale industry are also classified as small enterprises.

² According to the SMEs Classification Standards, there are different classification standards for different industries. For example, industrial enterprises having fewer than 20 employees or generating less than RMB3 million in operating income in a year are classified as micro enterprises, while enterprises having fewer than five employees or generating less than RMB10 million in operating income in a year in the wholesale industry are also classified as micro enterprises.

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As of 31 December 2012 and 30 September 2013, the total balance of our microcredit loans amounted to RMB58,448.1 million and RMB72,527.0 million, respectively, representing 67.0% and 69.1%, respectively, of our total loans to customers as of those dates. For the year ended 31 December 2012 and the nine months ended 30 September 2013, our interest income from microcredit business amounted to RMB4,146.5 million and RMB3,706.0 million, respectively, representing 63.4% and 67.8%, respectively, of our total interest income for the same periods. The following table sets forth the distribution of the total balance of our microcredit business by product type as of the dates indicated.

	As of 31 December						As of 30 September	
	2010		2011		2012		2013	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)							
Loans to Small								
Enterprises	9,062.6	27.7	15,171.9	34.2	23,638.0	40.4	31,657.6	43.6
Personal loans ⁽¹⁾	23,668.2	72.3	29,139.7	65.8	34,810.1	59.6	40,869.4	56.4
Total balance of our microcredit loans	32,730.8	100.0	44,311.6	100.0	58,448.1	100.0	72,527.0	100.0

Note:

(1) Include loans to Small Enterprise Owners, loans to farmers and personal consumption loans.

We believe that our businesses, strong operating results and high-quality services have enabled us to become a market leader in various banking business segments:

- We were one of the earliest city commercial banks in the PRC to launch a microcredit business, and the first commercial bank in the PRC to export microcredit know-how and technology to other banking institutions;
- We were the first city commercial bank in Northeast China to obtain an operating permit for a foreign exchange business;
- We are one of the four market makers for Renminbi-Ruble tradings in the interbank foreign exchange market of the PRC, the domestic bank with the largest scale of Ruble cash exchange and also a pilot bank for various banking businesses with Russia;
- We were one of the first city commercial banks in Northeast China to launch investment banking and interbank business; and
- We are one of the three promoters of the Asia Financial Cooperation Association¹.

Our headquarters is in Harbin and a majority of our business is conducted in Heilongjiang Province. As of 30 September 2013, approximately 52.0% of our loans and approximately 61.8% of our total deposits were with customers in Heilongjiang Province. Heilongjiang Province is the most northern province in Northeast China and adjoins Russia. Benefiting from political support in the PRC and its geographical environment, Heilongjiang Province has become an important commodity grain base within China. From 2008 to 2012, Heilongjiang Province's nominal GDP grew at a CAGR of 13.3%. See "Industry Overview – Overview – Economy of Heilongjiang Province".

¹ Asia Financial Corporation Association is a regional financial cooperation organisation formed by certain small and medium-sized banks and non-banking financial institutions in Asia on 24 April 2012 in Sanya, Hainan. The association strives to provide a cooperation platform for its members, facilitate compliance management of its members and assist its members to overcome development delays, thus contributing to the healthy development of the economy and the financial sector.

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HONOURS AND AWARDS

We were ranked 4th among the city commercial banks in the PRC according to the “2013 Research Report on Asian Bank Competitiveness Rankings” released by the 21st Century Business Herald, representing an advancement of five places as compared with 2012. The ranking is based on statistics of eight aspects relating to a bank’s capabilities to enhance capital value for its shareholders, such as return on capital, market share, asset quality and capital adequacy ratio². We were ranked 33rd in terms of total assets among the “Top 50 Banks in China” published by Standard & Poor’s in 2012. We were ranked 9th among the city commercial banks with assets scale of over RMB200 billion as published by The Banker, a PRC-based magazine, in 2013. City commercial banks are ranked by a number of indicators of financial performance, including total assets, risk profile, capital structure, profitability and liquidity ratio. Our Bank was ranked 313th in the “Top 1000 World Banks 2013” recently announced by The Banker, a UK-based magazine, in terms of total tier 1 capital³, representing an advancement of 85 places as compared with our ranking in the same list of the previous year. According to the list, 96 banks in the PRC ranked among the “Top 1000 Word Banks 2013”. Among these PRC banks on the list, we were ranked 27th, 7th among city commercial banks and first among city commercial banks in Northeast China.

We have received a number of honours and awards for our strong business performance. In recent years, our major honours and awards included the following:

- In 2011, we were awarded the “Best SME Banking in China” (中國最佳中小企業銀行服務獎) award by The Asian Banker, being the only city commercial bank in the PRC to receive such award. We were also recognised as the “Market Maker of Emerging Currency with the Greatest Improvement” (最大進步新興貨幣市場做市商) by the China Foreign Exchange Trade System and an outstanding debt valuation member by China Central Depository & Clearing Co. Ltd.;
- We received the award for “Leading Banking Institution Providing Services to Small and Micro Enterprises” (全國銀行業金融機構小微企業金融服務先進單位) by the CBRC for five consecutive times; and
- In 2012, we were honoured as the “Outstanding Investment Bank in China – Investment Bank with the Greatest Growth Potential” (中國區優秀投行—最具成長性投行) by Securities Times.

OUR STRENGTHS

We believe our competitive strengths are as follows:

- We are one of the leading providers of microcredit in the PRC;
- We have comparative advantages among PRC city commercial banks in terms of our cross-regional operating network;
- We are a pioneer among PRC city commercial banks in launching rural financial services;
- We are the leading PRC city commercial bank in Russian financial services;
- We have a prudent and improving risk management and internal control system; and
- We have an experienced and dedicated management team and a competent staff base.

² A bank’s asset scale, liquidity and efficiency indicators, deposit structure and branch network are also taken into consideration.

³ The banks are also assessed with other secondary indicators, namely, assets, capital asset ratio, pre-tax profits, profit on capital, return on assets, capital adequacy ratio, NPL to total loans, loans to assets, risk weighted assets to assets and cost to income.

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OUR STRATEGIES

Our goal is to become a “first-class domestic and internationally renowned microfinance bank”. We will continue to apply the development philosophy of “Inclusive Finance, Harmonious Co-Enrichment”. We strive to further enhance our leading position in microcredit business and improve our general competitiveness with the aim of establishing our Bank as a city commercial bank with “sound governance practices, clear positioning, distinctive features, a strong capital base, an excellent team and an advanced corporate culture”.

We plan to achieve these goals by adopting the following strategic measures:

- Maintain and further enhance our competitive edge in the microcredit industry;
- Achieve comprehensive development of rural financial services;
- Accelerate the development of international financial business for small enterprises and micro enterprises and cross-border financial business with Russia;
- Strategically expand our operating regions and further improve our multi-channel distribution network;
- Further enhance our corporate governance, risk management and internal controls;
- Utilise information technology to drive business development and management; and
- Continue to implement our “talent-oriented” strategy.

SUMMARY FINANCIAL AND OPERATING INFORMATION

The summary consolidated income statement data for the years ended 31 December 2010, 2011 and 2012 and the nine months ended 30 September 2012 and 2013 and summary consolidated statement of financial position data as of 31 December 2010, 2011 and 2012 and 30 September 2013 set forth below are extracted from the Accountants’ Report set out in Appendix I to this prospectus. The summary consolidated income statement data for the year ended 31 December 2013 and the consolidated statement of financial position as of 31 December 2013 set forth below are extracted from the unaudited preliminary financial information of our Bank for the year ended 31 December 2013 set out in Appendix IV to this prospectus. You should read the summary financial information set forth below in conjunction with the Accountants’ Report and its accompanying notes and the unaudited preliminary financial information for the year ended 31 December 2013 and its accompanying notes. Our financial information for the nine months ended 30 September 2012 has not been audited.

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Summary Consolidated Income Statement Data

The following table summarises, for the periods indicated, our consolidated income statement. The preliminary financial information for the year ended 31 December 2013 is not audited and is subject to change. See “Appendix IV – Unaudited Preliminary Financial Information of the Bank for the Year ended 31 December 2013”.

	For the year ended 31 December				For the nine months ended 30 September	
	2010	2011	2012	2013	2012	2013
					(unaudited)	(unaudited)
					(in millions of RMB)	
Net interest income	2,955.9	4,818.1	6,658.4	6,817.8	4,757.5	4,924.3
Net fee and commission income	116.2	411.8	678.7	1,247.1	471.1	871.2
Net trading income	124.6	282.1	356.6	283.9	280.5	150.1
Net gain/(loss) on financial investments	0.7	(128.8)	(87.4)	(46.5)	(73.4)	(34.2)
Other operating income, net	48.0	30.8	105.0	241.6	43.3	12.2
Operating income	3,245.4	5,414.0	7,711.3	8,543.9	5,479.0	5,923.6
Operating expenses	(1,401.5)	(2,082.8)	(3,025.5)	(3,591.0)	(1,991.4)	(2,388.6)
Impairment losses on:						
Loans and advances to customers	(238.7)	(876.0)	(837.2)	(517.7)	(809.7)	(422.1)
Others	11.7	52.2	1.0	11.6	–	–
Operating profit	1,616.9	2,507.4	3,849.6	4,446.8	2,677.9	3,112.9
Share of profits of an associate	–	–	9.4	3.2	8.0	7.1
Profit before tax	1,616.9	2,507.4	3,859.0	4,450.0	2,685.9	3,120.0
Income tax expense	(389.7)	(651.0)	(987.5)	(1,078.9)	(664.8)	(748.7)
Profit for the year/period	1,227.2	1,856.4	2,871.5	3,371.1	2,021.1	2,371.3
Attributable to equity holders of the parent company	1,227.6	1,854.2	2,864.3	3,350.3	2,017.1	2,357.8

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Summary Consolidated Statement of Financial Position Data

The following table summarises, as of the dates indicated, our consolidated statement of financial position. The preliminary financial information as at 31 December 2013 is not audited and is subject to change. See “Appendix IV – Unaudited Preliminary Financial Information of the Bank for the Year ended 31 December 2013”.

	As of 31 December				As of
	2010	2011	2012	2013	30 September
	(unaudited)				
	(in millions of RMB)				
Assets					
Cash and balances with central bank	23,413.2	30,935.7	51,858.5	51,552.1	40,729.7
Due from banks and other financial institutions	9,837.9	15,907.0	19,946.8	33,871.2	27,730.0
Financial assets held for trading	5,318.6	4,780.8	7,879.0	2,512.3	7,201.6
Reverse repurchase agreements	17,863.5	49,973.6	51,745.6	51,110.9	27,783.5
Loans and advances to customers	53,200.5	67,018.2	85,298.1	103,515.0	102,638.4
Financial investments	12,930.6	31,273.5	43,301.1	68,523.6	44,645.0
Investments in an associate	–	1,000.0	1,017.0	964.0	993.7
Property and equipment	1,656.7	3,488.5	6,038.2	7,314.9	6,542.6
Deferred income tax assets	136.0	167.0	258.3	333.9	370.8
Other assets	1,476.9	2,117.1	2,747.6	2,477.5	3,024.8
Total assets	<u>125,833.9</u>	<u>206,661.4</u>	<u>270,090.2</u>	<u>322,175.4</u>	<u>261,660.1</u>
Liabilities					
Due to central bank	–	174.8	594.9	787.2	756.0
Due to banks and other financial institutions	2,594.2	18,051.1	36,523.5	50,610.9	37,208.1
Repurchase agreements	2,871.7	27,972.5	22,832.7	19,091.2	6,289.8
Due to customers	112,891.6	145,962.4	186,642.4	224,178.1	191,130.0
Income tax payable	125.8	201.2	311.1	262.9	272.9
Debt securities issued	1,000.0	1,000.0	3,500.0	3,500.0	3,500.0
Other liabilities	1,211.9	1,769.0	2,748.6	3,817.9	3,494.9
Total liabilities	<u>120,695.2</u>	<u>195,131.0</u>	<u>253,153.2</u>	<u>302,248.2</u>	<u>242,651.7</u>
Total equity	<u>5,138.7</u>	<u>11,530.4</u>	<u>16,937.0</u>	<u>19,927.2</u>	<u>19,008.4</u>

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Summary of Key Financial and Operating Indicators

The following table sets forth a summary of key financial and operating indicators for the periods or as of the dates indicated. The key financial and operating indicators for the year ended 31 December 2013 are calculated based on the preliminary financial information for the year ended 31 December 2013, which is not audited and subject to change. See “Appendix IV – Unaudited Preliminary Financial Information of the Bank for the Year ended 31 December 2013”.

	Year ended 31 December				Nine month ended 30 September
	2010	2011	2012	2013 (unaudited)	2013
Profitability indicators					
Return on average total assets ⁽¹⁾⁽³⁾	1.17%	1.12%	1.20%	1.14%	1.19%
Return on average equity ⁽²⁾⁽³⁾	27.64%	22.57%	20.35%	18.36%	17.67%
Net interest spread ⁽³⁾⁽⁴⁾	3.38%	3.27%	3.06%	2.56%	2.49%
Net interest margin ⁽³⁾⁽⁵⁾	3.34%	3.29%	3.09%	2.64%	2.55%
Net fee and commission income to operating income ratio	3.58%	7.61%	8.80%	14.60%	14.71%
Cost-to-income ratio ⁽⁶⁾	39.11%	33.80%	34.51%	35.85%	34.23%
	As of 31 December				As of 30 September
	2010	2011	2012	2013 (unaudited)	2013
Capital adequacy indicators⁽⁷⁾					
Core capital adequacy ratio	9.04%	11.37%	11.94%	11.67%	12.04%
Capital adequacy ratio	11.75%	12.61%	12.97%	12.55%	13.04%
Assets quality indicators					
Non-performing loans ratio ⁽⁸⁾	0.79%	0.62%	0.64%	0.85%	0.86%
Impairment coverage ratio ⁽⁹⁾	192.60%	347.16%	353.52%	268.34%	263.01%
Impairment losses on loans ⁽¹⁰⁾	1.53%	2.14%	2.25%	2.29%	2.26%
Other indicators					
Loan-to-deposit ratio	47.86%	46.92%	46.75%	47.26%	54.94%

Notes:

- (1) The percentage of net profit for a period to the average balance of the total assets at the beginning and the end of the period.
- (2) The percentage of net profit attributable to the equity shareholders of our Bank for a period to the average balance of total equity attributable to equity holders of the parent company at the beginning and the end of the period.
- (3) Calculated with the annualised benchmark.
- (4) Calculated as the difference between the average yield on total interest-earning assets and the average cost on total interest-bearing liabilities, calculated based on the daily average of the interest-earning assets and interest-bearing liabilities.
- (5) Calculated by dividing net interest income by average interest-earning assets, calculated based on the daily average of the interest-earning assets.
- (6) Calculated with the operating cost after the business tax and surcharges and divided by the operating income.
- (7) Calculated pursuant to the Capital Adequacy Measures and other relevant regulations in the PRC and in accordance with PRC GAAP. Core capital adequacy ratio = (core capital – core capital deductions) / (risk-weighted assets + 12.5 x capital charge for market risk); capital adequacy ratio = (capital – capital deductions) / (risk-weighted assets + 12.5 x capital charge for market risk). Since 2013, we have calculated and disclosed the capital adequacy ratio in accordance with the New Capital Adequacy Measures. Core tier 1 capital adequacy rate = (core tier-1 capital – corresponding capital deductions) / risk-weighted assets; tier 1 capital adequacy rate = (tier 1 capital – corresponding capital deductions) / risk-weighted assets; capital adequacy ratio = (total capital – corresponding capital deductions) / risk-weighted assets. According to the New Capital Adequacy Measures, our core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio were 11.65%, 11.65% and 13.24%, respectively, as of 30 September 2013. According to the New Capital Adequacy Measures, our core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio were 10.68%, 10.68% and 11.95%, respectively, as of 31 December 2013.
- (8) Calculated with the total non-performing loans divided by the total loans to customers.
- (9) Calculated with the allowance for impairment loss divided by the total non-performing loans.
- (10) Calculated with the allowance for impairment loss on loan divided by the total loans to customers.

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RISK FACTORS

Our business is subject to numerous risks as set out in the section headed “Risk Factors”. Since different investors may apply different interpretations and criteria when determining the materiality of a risk, you should read the section headed “Risk Factors” in this prospectus in its entirety before you decide to invest in the Offer Shares. The risks we primarily face include the following:

- If we are unable to effectively maintain the quality of our loan portfolio, our business, financial condition and results of operations may be materially and adversely affected.
- Our financial condition and results of operations may be materially and adversely affected if we are not able to maintain the growth of our loan portfolio.
- We may have to increase our allowance for impairment losses to cover future losses to our loan portfolio, which could materially and adversely affect our business, financial condition, results of operations and prospects.
- If the collateral or guarantees securing our loans are insufficient to cover the outstanding amounts of the loans, or if we are unable to realise the full values of the collateral or guarantees in a timely manner, our financial condition and results of operations could be materially and adversely affected.
- Any significant or protracted downturn in, or change in national policies affecting, the real estate market in the PRC may have a material adverse effect on our asset quality as well as our future growth.
- Any deterioration in the ability of local government financing vehicles to repay debt or any change in national policy relating to local government financing vehicles may have an adverse impact on our asset quality, financial condition or results of operations.
- We have a concentration of loans to certain industries and customers and if the condition of these industries or customers significantly deteriorates, our asset quality, financial condition and results of operations may be adversely affected.
- We cannot provide assurance that we will be able to satisfy the capital adequacy requirements of the CBRC.
- We are subject to risks in concentrating our business in Northeast China.
- If we are unable to maintain our growth rate in customer deposits or if there is a significant decrease in our customer deposits, our liquidity, financial condition and results of operations may be adversely affected.
- We have been increasingly focused on the development of wealth management products in recent years, and any adverse developments or changes in regulatory policies relating to these products could materially and adversely affect our business, financial condition, results of operations and prospects.
- We have made substantial investments in receivables, and any adverse development relating to these types of investments could materially and adversely affect our profitability.
- If our risk management and internal control policies and procedures are not able to fully protect us from risks relating to our business operations, our reputation, business, financial condition and results of operations may be materially and adversely affected.
- We have not obtained the title certificates for some of the properties held by us, and some of the lessors of the properties that we lease have not obtained the relevant title certificates, which may materially and adversely affect our rights to use such properties.

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- Intensifying competition in the PRC banking industry and competition in the capital market of the PRC in terms of capital could have material adverse effects on our business, financial condition, results of operations and prospects.
- Our business and operations are highly regulated, and our business, financial condition, results of operations and prospects may be materially and adversely affected by adverse changes in regulations or other PRC governmental policies (including their interpretation and application).
- The liquidity risk of the PRC banking industry may materially and adversely affect our liquidity, business, financial condition and results of operations.

INFORMATION OF OUR SUBSTANTIAL SHAREHOLDER

Harbin Economic Development is the only substantial shareholder of our Bank within the meaning of the Hong Kong Listing Rules. As of the Latest Practicable Date, Harbin Economic Development directly held approximately 29.48% of our equity interests. Immediately following the completion of the Global Offering, Harbin Economic Development will directly hold approximately 19.65% of our then total issued shares, assuming the Over-allotment Option is not exercised (or approximately 18.58% if the Over-allotment Option is exercised in full).

Established on 22 August 1992, Harbin Economic Development is wholly owned by Harbin Municipal Finance Bureau, a functional division of Harbin Municipal Government that comprehensively manages municipal fiscal revenue and expenditure, implements financial supervision, and participates in adjustment and monitor of the municipal economy of Harbin. The business scope of Harbin Economic Development is to make financial investments in areas like fixed-assets to municipally owned enterprises and to receive dividends in return. See “Our Relationships with Our Substantial Shareholder and Connected Transactions”.

USE OF PROCEEDS

We expect to use the net proceeds from the Global Offering to strengthen our capital base to support the on-going growth of our business. We will not receive any of the proceeds from the sale of the Sale Shares by the Selling Shareholders in the Global Offering. See “Share Capital – Transfer of Shares to the NSSF”.

OFFERING STATISTICS

The statistics below are based on the assumptions that (i) the Global Offering is completed and 2,748,700,000 H Shares are newly issued in the Global Offering, (ii) the Over-Allotment Option is not exercised and (iii) 10,995,599,553 Shares are issued and outstanding following the completion of the Global Offering:

	Based on an Offer Price of HK\$2.89	Based on an Offer Price of HK\$3.33
Market capitalisation of our Shares	HK\$31,777.3 million	HK\$36,615.3 million
Price/earnings multiple on a pro forma basis ⁽¹⁾	7.49 times	8.63 times
Unaudited pro forma adjusted net tangible assets per share ⁽²⁾	HK\$2.86 (RMB2.26)	HK\$2.97 (RMB2.35)

Notes:

- (1) The calculation of price/earnings multiple is based on the earnings per share from the preliminary unaudited results for the year ended 31 December 2013, on a pro forma basis at respective Offer Prices of HK\$2.89 and HK\$3.33 per H Share.

SUMMARY

- (2) The amount of unaudited pro forma adjusted net tangible assets per share is calculated in accordance with Rule 4.29 of the Hong Kong Listing Rules after the adjustments referred to in “Appendix III – Unaudited Pro Forma Financial Information”.

GLOBAL OFFERING

The Global Offering comprises:

- (i) the Hong Kong Public Offering of 302,358,000 New Shares (subject to adjustment) in Hong Kong; and
- (ii) the International Offering of 2,721,212,000 Offer Shares to be sold outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S and in the United States solely to “qualified institutional buyers” in reliance on Rule 144A or another exemption from, or in transactions not subject to, the registration requirements of the U.S. Securities Act.

Investors may apply for H Shares under the Hong Kong Public Offering or indicate an interest for H Shares under the International Offering, but may not do both.

The number of H Shares to be offered under the Hong Kong Public Offering and the International Offering, respectively, may be subject to reallocation as described in the subsection headed “Structure of the Global Offering – The Hong Kong Public Offering – Reallocation and clawback”.

The number of the H Shares that may be over allocated will not exceed the number of the H Shares that may be sold under the Over-allotment Option, namely, 453,530,000 H Shares, which is approximately 15% of the number of Offer Shares initially available under the Global Offering, in the event that the whole or part of the Over-allotment Option is exercised.

DIVIDEND POLICY AND DIVIDEND DECLARED BEFORE LISTING

We can declare and pay dividends in cash and shares. Our Board is responsible for submitting proposals in respect of dividend payments. The determination of whether to pay a dividend and in what amount is based on and subject to various factors, including but not limited to, our business, financial performance, assets and regulations and general business conditions. See “Financial Information – Dividend Policy”.

We declared and paid bonus shares in the amount of RMB1,890.3 million in 2011, declared and paid bonus shares in the amount of RMB392.4 million and cash dividend of RMB392.4 million in 2012, and declared and paid bonus shares in the amount of RMB686.7 million and cash dividend of RMB171.7 million in 2013 in respect of profits for the years ended 31 December 2010, 2011 and 2012, respectively. Dividends paid in prior periods may not be indicative of future dividend payments. We cannot guarantee when, if and in what form or size dividends will be paid in the future.

At the shareholders’ general meeting held on 10 May 2013, it was resolved that the accumulated undistributed profits before the Global Offering would be shared among existing shareholders and new shareholders.

According to the Articles of Association of our Bank, our Bank shall distribute dividends for any profitable year. Profits to be distributed by our Bank in cash shall not be less than 10% of the distributable profits realised in that year.

SUMMARY

RECENT DEVELOPMENTS AND MATERIAL ADVERSE CHANGE

Our business has experienced growth since 30 September 2013, the date of the latest audited financial information of our Bank as set forth in the Accountants' Report in Appendix I to this prospectus.

To diversify our business operations, we applied for a financial leasing license from the CBRC and we received preliminary approval from the CBRC on 15 January 2014. Preparatory work for the establishment of our financial leasing company has commenced since then and remained at the initial stage as of the Latest Practicable Date. Our Directors have confirmed that, since 30 September 2013, there has been no material adverse change in our financial or trading position. Based on our unaudited preliminary financial information for the year ended 31 December 2013, our net interest income for the year ended 31 December 2013 was RMB6,817.8 million, representing an increase of 2.4% compared to RMB6,658.4 million for the year ended 31 December in 2012. Our net profit for the year ended 31 December 2013 was RMB3,371.1 million, representing an increase of 17.4% compared to RMB2,871.5 million for the year ended 31 December in 2012. In addition, our total loans and advances to customers (before subtracting allowance for impairment losses) and total due to deposits as of 31 December 2013 were RMB105,941.3 million and RMB224,178.1 million, respectively, and were higher than the corresponding financial data as of 31 December 2012. As of 31 December 2013, our total assets were RMB322,175.4 million, representing an increase of 19.3% from RMB270,090.2 million as of 31 December 2012.

The unaudited financial data as of and for the year ended 31 December 2013 have been reviewed by the reporting accountants in accordance with the Practice Note 730 issued by the Hong Kong Institute of Certified Public Accountants. You should read the discussion above in conjunction with the unaudited preliminary financial information of our Bank for the year ended 31 December 2013 and the accompanying notes, as well as the "Management's Discussion and Analysis of Financial Condition and Results of Operations" set forth in Appendix IV to this prospectus.

LISTING EXPENSES

We will incur listing expenses in connection with the Listing, which include professional fees, underwriting commissions and other fees. Listing expenses to be borne by our Bank are estimated to be RMB214.5 million. Listing expenses of approximately RMB7.5 million had been incurred as of 30 September 2013. Listing expenses of approximately RMB207.0 million are expected to be incurred after 30 September 2013, of which RMB37.5 million is expected to be charged to our statement of comprehensive income and RMB169.5 million is expected to be accounted for as a deduction from equity. The listing expenses above are the latest practicable estimate for reference only and the actual amount may differ from this estimate. Our Directors do not expect such expenses to have a material adverse impact on our results of operations for the year ending 31 December 2014.