You should carefully consider all the information in this prospectus, including the risks and uncertainties described below, before making an investment in our H Shares. Our business could be materially and adversely affected by any of these risks. The trading price of our H Shares could significantly decrease due to any of these risks, and you may lose all or part of your investment. You should also pay particular attention to the fact that we are a PRC company and are governed by a legal and regulatory regime that may differ in some aspects from regimes in other countries. See "Supervision and Regulation", "Appendix V – Summary of Principal Legal and Regulatory Provisions" and "Appendix VI – Summary of Articles of Association".

RISKS RELATING TO OUR LOAN PORTFOLIO

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 business, financial condition and results of operations may be materially and adversely affected by deterioration of the quality of our loan portfolio or other assets. Our businesses are exposed to risks arising from changes in credit quality, recovery of loans and receivables and other trading and investment activities. As of 31 December 2010, 2011 and 2012 and 30 September 2013, non-performing loans accounted for 0.79%, 0.62%, 0.64% and 0.86%, respectively, of our total loans and advances to customers. We may not effectively control the proportion of non-performing loans in our existing loan portfolio or the proportion of non-performing loans and advances in our loans in the future. In particular, our non-performing loans may increase due to the significant increase of new loans during the Track Record Period or a deterioration in the quality of our loan portfolio. Our gross loans and advances to customers increased from RMB54,024.6 million as of 31 December 2010 to RMB68,483.8 million as of 31 December 2011, and further increased to RMB87,264.4 million as of 31 December 2012 and RMB105,010.4 million as of 30 September 2013.

We cannot assure you that the quality of our existing or future loans to customers will not deteriorate. Deterioration in the overall quality of our loan portfolio may occur due to various reasons, including factors beyond our control such as a slowdown in the growth of the PRC or global economies, trading disputes between the PRC and one or more other countries, other adverse macroeconomic developments in China or other parts of the world and the occurrence of natural disasters, which may adversely affect the operations, financial condition or liquidity of borrowers under or guarantors of our loans. Any of these events may in turn affect borrowers' ability to repay their debt and guarantors' ability to perform their obligations under the loans. Any actual or expected default or credit deterioration of our counterparties, decreases in prices of residential and commercial properties that serve as collateral under the loans or decreases in profitability of our borrowers may lead to a deterioration in our asset quality and an increase in our allowance for impairment loss. In addition, if a guarantor of our loans fails to comply with the laws of the PRC, the guarantee may be held to be invalid by the relevant judicial authority or arbitration tribunal, which may adversely affect our asset quality. Any significant deterioration in our asset quality may lead to significant increases in our non-performing loans and allowance for impairment loss, which may have a material adverse effect on our business, financial condition and results of operations.

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.

Our total operating income was RMB3,245.4 million, RMB5,414.0 million, RMB7,711.3 million and RMB5,923.6 million for the years ended 31 December 2010, 2011 and 2012 and the nine months ended 30 September 2013, respectively. As of 31 December 2010, 2011 and 2012 and 30 September

2013, our gross loans and advances to customers were RMB54,024.6 million, RMB68,483.8 million, RMB87,264.4 million and RMB105,010.4 million, respectively, and our net loans and advances to customers (after deduction of the allowance of impairment losses) were RMB53,200.5 million, RMB67,018.2 million, RMB85,298.1 million and RMB102,638.4 million, respectively. The CAGR of our net loans and advances to customers from 2010 to 2012 was 26.6%. However, we may not be able to successfully maintain the growth of our loan portfolio if we fail to offer new products to attract new customers, improve our marketing efforts or expand our sales channels. The growth of our loan portfolio may also be influenced by the general state of the PRC economy and macroeconomic factors affecting the PRC or regions where we operate, such as growth in GDP, the rate of inflation, changes in laws or regulations governing banking and financial products, changes in the implementation of macroeconomic regulation, market liquidity and changes in credit policy, changes in loans demand and the progress of financial reforms and liberalisation of interest rates.

In addition, maintaining the growth of our loan portfolio will require substantial managerial and operational resources and there can be no assurance that we will be able to retain and attract qualified personnel to support the growth of our loan portfolio needs in a timely manner, or at all. See "– We may not be able to recruit, train or retain a sufficient number of qualified staff". We may also need additional capital in the future, and we may not be able to obtain such capital on acceptable terms, or at all, which may result in a lower or non-compliant capital adequacy ratio. See "– We cannot provide assurance that we will be able to satisfy the capital adequacy requirements established by the CBRC". Any of the above occurrences may materially and adversely affect our financial condition and results of operations.

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.

We provide for an allowance for impairment losses on loans to customers in accordance with IAS 39 and the principles of risk-based categorisation and the allowance for impairment loss and advances set by the relevant regulatory authorities. As of 31 December 2010, 2011 and 2012 and 30 September 2013, our allowance for impairment losses on loans and advances to customers amounted to RMB824.1 million, RMB1,465.6 million, RMB1,966.3 million and RMB2,372.0 million, respectively, and the ratio of our allowance for impairment losses on loans and advances to total non-performing loans was 192.60%, 347.16%, 353.52% and 263.01%, respectively. The general increase in our allowance was primarily the result of an increase in our loan portfolio, as well as our relatively conservative allowance policy. See "Assets and Liabilities – Assets – Allowance for Impairment Losses on Loans to Customers".

The amount of the allowance for impairment losses is based on our assessment of various factors affecting the quality of our loan portfolio under the applicable regulations and accounting standards including, among other things, our borrowers' operational and financial conditions, repayment ability and repayment intention, the realisable value of any collateral or securities and the ability of the guarantors of our borrowers to fulfil their obligations, as well as China's economic, legal and regulatory environments. Many of these factors are beyond our control, and therefore our assessment and expectations of these factors may differ from actual future developments. Furthermore, the adequacy and sufficiency of our allowance for impairment losses may be affected by the limitations of our skills in and systems for assessing impairment losses as well as our ability to accurately collect, process and analyse relevant information and data.

If our assessment of, or expectations concerning, the factors that affect the quality of our loan portfolio differs from actual developments or if the quality of our loan portfolio deteriorates, our allowance for impairment losses may not adequately cover our actual losses, and we may need to make additional provisions for impairment losses. In addition, our allowance for impairment losses may continue to increase as a result of future regulatory and accounting policy changes, inaccuracies in loan classification or our conservative policy for providing for allowance for impairment losses. Any of the above may significantly reduce our profit and 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 on a timely basis, our financial condition and results of operations could be materially and adversely affected.

As of 30 September 2013, RMB54,528.0 million of our loans were secured by collateral, accounting for 51.9% of our total loans and advances to customers. Collateral relating to our loans primarily comprise real estate, land, certificates of deposits and other assets. The values of the real estate, land and other assets may decline due to various factors. In particular, the slowdown of macroeconomic growth and the implementation of control policies by government authorities may cause a decrease in the value of certain collateral to a level that is insufficient to cover the outstanding amounts of loans.

In the PRC, the procedures for liquidating or otherwise realising the value of collateral in the form of tangible assets may be protracted and it may be difficult to enforce the collateral. For example, in accordance with the Directive on Foreclosure of Mortgage on Housing by the People's Court (最高人民法院關於人民法院執行設定抵押的房屋的規定) issued by the Supreme People's Court of the PRC, effective as from 21 December 2005, in the event that a borrower obtains loans secured by housing, the People's Court cannot evict the borrower and his or her dependents from their mortgaged residence for six months after the court approves the auction, liquidation or foreclosure of such mortgaged residence for the repayment of debt. Therefore, there can be no assurance that we will be able to enforce security on pricing residential property. In addition, in certain circumstances, our rights to the collateral securing our loans may be subordinated to the claims of other individuals or institutions in accordance with the PRC law. For example, according to the Enterprise Bankruptcy Law of the PRC (中華人民共和國企業破產法), should the properties of a bankrupt enterprise be insufficient to settle the outstanding wages and medical, disability allowance and compensation owed to the staff, basic pension insurance and medical insurance premium which should be credited to the personal accounts of the staff, and other compensation payable according to laws and administrative regulations, such claims of the staff should be settled in priority over our collateral.

As of 30 September 2013, 44.4% of our loans were backed by guarantees, which were generally not backed by collateral or other security interests. If a significant number of our borrowers are unable to perform their obligations and there is a significant deterioration in the financial condition of the guarantors, the amounts we may recover from the loans secured by such guarantees may decrease significantly. In addition, we are subject to the risk that a court or any other judicial or arbitral authorities may declare a guarantee to be invalid or otherwise decline to enforce such guarantee. We are therefore exposed to the risk that we may not be able to recover all or any part of the amounts guaranteed in respect of our loans.

If the values of our collateral decrease to a level that is insufficient to cover the outstanding amounts of loans, or if we fail to realise the full value of the collateral on a timely basis, our financial condition and results of operations could be 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.

We have significant exposure to the real estate market in the PRC through corporate loans to the real estate sector, personal residential mortgage loans and other loans secured by real estate. As of 31 December 2010, 2011 and 2012 and 30 September 2013, our corporate loans in the real estate sector accounted for 2.0%, 2.6%, 4.8% and 2.9%, respectively, of our total corporate loans. Our personal residential mortgage loans accounted for 10.8%, 11.7%, 14.0% and 15.2% of our total personal loans as of 31 December 2010, 2011 and 2012 and 30 September 2013, respectively. The PRC government has imposed and may continue to impose macroeconomic control measures aimed at preventing the real estate market from overheating, such as imposing business taxes on the transfer of residential houses within five years after the purchase of the houses, levying mandatory personal income tax for second-hand residential housing transactions, imposing qualification requirements for homebuyers and personal residential mortgage loan borrowers, and regulating the minimum down payments and mortgage rates for the purchase of residential properties. See "Supervision and Regulation – PRC Banking Supervision and Regulation – Regulation of Principal Commercial Banking Activities".

These measures may slow down the growth of our loans to, and negatively affect the financial condition, liquidity and repayment capabilities of, our customers in the real estate sector. These measures may also reduce the demand for personal residential mortgage loans in the PRC. In addition, any significant or extended decline in property prices in the PRC may have a material adverse effect on the asset quality of our corporate loan portfolio. If the real estate market in the PRC experiences a significant downturn, the value of the collateral securing our loans may decrease to a level below the outstanding balances of such loans, which could result in a reduction in the amount we could recover on any defaulting loans secured by real estate. We cannot assure you that any measures we take will be effective or sufficient to protect us against the effects of any downtown in the PRC real estate market as a result of macroeconomic conditions, national policies or other factors.

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 extended loans to local government financing vehicles and our exposure to local government financing vehicles also includes our investments in bonds issued by local government financing vehicles, fund trust plans and directional asset management plans under which they are ultimate borrowers.

As of 31 December 2010, 2011 and 2012 and 30 September 2013, our exposure to local government financing vehicles amounted to RMB3,268.9 million, RMB3,780.8 million, RMB4,412.6 million and RMB5,523.0 million, respectively, and accounted for 2.6%, 1.8%, 1.6% and 2.1%, respectively, of our total assets as of the corresponding dates. The following table sets forth a breakdown of our total exposure to local government financing vehicles as of the dates indicated.

	As of 31 December			As of 30 September
	2010	2011	2012	2013
	(in millions of RMB)			
Loans	2,936.1	2,163.0	2,144.0	2,020.0
Bonds investments	332.8	870.8	1,383.6	1,415.0
Investments in fund trust plans and directional asset management plans	0	747.0	885.0	2,088.0
Total exposure to local government financing vehicles	3,268.9	3,780.8	4,412.6	5,523.0

According to the CBRC, local government financing vehicles include three types of entities, namely government organs, public institutions and enterprises, which are funded and established by local governments with joint liability for repayment. These local government financing vehicles are mainly engaged in financing for local financial authorities and assume repayment liabilities or provide guarantees directly or indirectly for all or part of the financing activities. The proceeds from financing are primarily used in the development of infrastructure or quasi non-profit government investment projects. Our loans to local government financing vehicles primarily consist of loans to local government financing vehicles in Heilongjiang and are secured by collateral or guarantees. The principal and returns of all investments under the fund trust plans and directional asset management plans through which we offer loans to local government financing vehicles are also secured by collateral or guarantees.

In recent years, to enhance the risk management of loans to local government financing vehicles, the State Council, the CBRC, the PBOC and certain other regulatory authorities in the PRC have issued various notices, guidelines and other regulatory measures applicable to banks and other financial institutions in the PRC to strengthen risk management measures in connection with loans to local government financing vehicles. See "Supervision and Regulation – Regulation of Principal Commercial Banking Activities – Lending". In addition, recent media publications have continued to express concerns about the level of debts of local government financing vehicles. We cannot assure you that any measures taken by us are or will be effective or sufficient to protect us from any default by local government financing vehicles. Any unfavourable economic developments, changes in government policies, deterioration of the financial condition of local governments, significant decline of property prices or other factors may undermine the ability of local government financing vehicles to repay debt, which may in turn 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 materially and adversely affected.

As of 30 September 2013, our corporate loans in the (i) wholesale and services, (ii) manufacturing, (iii) construction, (iv) rental and commercial services and (v) agriculture, forestry, husbandry and fishery sectors accounted for 36.0%, 21.7%, 9.0%, 6.5% and 5.1%, respectively, of our total corporate loans and the non-performing loans in the above sectors accounted for 59.8%, 33.0%, 4.9%, 0.2% and 0%, respectively, of our total non-performing corporate loans. A downturn in any of the sectors in which we have a concentration of loans may cause our non-performing loans to increase and may negatively affect new loans extended to, and the renewal of existing loans by, borrowers in those sectors, and may materially and adversely affect our asset quality, financial condition and results of operations.

As of 30 September 2013, the aggregate amount of our loans to the ten largest single borrowers was RMB5,135.0 million, representing 4.89% of our total loans and 23.83% of our regulatory capital. As of the same date, the balance of our loans to our ten largest group borrowers amounted to RMB7,257.4 million, representing 6.91% of our total loans, and the credit balance to our ten largest group borrowers amounted to RMB7,308.0 million, representing 33.92% of our regulatory capital. Any deterioration in the quality of our loans to our ten largest single or group borrowers may have a material adverse impact on our asset quality, financial condition and results of operations.

Moreover, loans extended to the agricultural industries are generally more vulnerable to natural disasters and macroeconomic fluctuations compared with loans in other industries. Any deterioration in the quality of our new loans to customers in agricultural-related industries due to macroeconomic factors, policies, natural disasters and other factors may have a material adverse impact on our asset quality, financial condition and results of operations.

The high proportion of our short-term loans may adversely affect the reliability and stability of our interest income.

A high portion of our outstanding loans consist of short-term loans. As of 31 December 2010, 2011 and 2012 and 30 September 2013, short-term loans represented 59.6%, 59.0%, 60.3% and 64.4%, respectively, of our total loans and advances to customers. During the Track Record Period, a substantial portion of these loans were rolled over upon maturity, and these loans have been a stable source of interest income. We cannot provide assurance, however, that this will continue to be the case, particularly if competition increases or alternative sources of funding at lower interest rates become available to our customers. The high proportion of short-term loans in our loan portfolio may adversely affect the reliability and stability of our interest income.

RISKS RELATING TO OUR BUSINESS

We cannot provide assurance that we will be able to satisfy the capital adequacy requirements of the CBRC.

We are subject to the Capital Adequacy Measures issued by the CBRC, which require us to maintain a minimum capital adequacy ratio of 8% and a minimum core capital adequacy ratio of 4%. Based on the Capital Adequacy Measures and other related regulations in the PRC, as of 31 December 2010, 2011 and 2012 and 30 September 2013, our capital adequacy ratio was 11.75%, 12.61%, 12.97% and 13.04%, respectively, while our core capital adequacy ratio was 9.04%, 11.37%, 11.94% and 12.04%, respectively.

Our ability to comply with the prevailing capital adequacy requirements may be adversely affected by the deterioration of our financial condition (including an increase in non-performing loans, a deterioration in our asset quality or the worsening of our profitability), which may lead to a decrease in our capital base. If capital demands required for our growth are in excess of what we are able to generate internally or raise in the capital markets or otherwise, we may not be able to obtain additional capital on commercially acceptable terms in a timely manner, or at all. Our ability to obtain additional capital may also be restricted by a number of factors, including our future business, financial condition, results of operations and cash flows, conditions prescribed by PRC law and regulatory approvals, our credit rating, general market conditions for capital-raising activities by commercial banks and other financial institutions, and economic, political and other conditions both within and outside China.

Furthermore, pursuant to the New Capital Adequacy Measures, since 1 January 2013, commercial banks are required to maintain a minimum core tier 1 capital adequacy ratio of 5%, a minimum tier 1 capital adequacy ratio of 6% and a minimum capital adequacy ratio of 8%. Moreover, commercial banks shall also have a capital conservation buffer until it reaches 2.5% of risk-weighted assets in addition to the minimum capital requirement. Under specific circumstances, commercial banks shall set aside capital as a counter-cyclical capital buffer of up to 2.5% of risk-weighted assets. Commercial banks shall comply with the above capital adequacy requirements by the end of 2018. Based on the New Capital Adequacy Measures, as of 30 September 2013, 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, and were significantly higher than the minimum capital adequacy requirements of the regulatory authorities. However, we cannot assure you that we will be able to continue to maintain such ratios or meet such applicable capital adequacy requirements in the future. Furthermore, the CBRC may increase the minimum capital adequacy requirements or change the methodology for calculating regulatory capital or capital adequacy ratios, or we may otherwise be subject to new capital adequacy requirements. We also can provide no assurance that our fulfilment of the prevailing capital adequacy requirements will not be affected by any future events, including:

- increases of our risk-weighted assets as a result of the rapid development of our business;
- our failure to replenish or increase our capital in a timely manner;
- declines in our net profit, resulting in decreases in our retained earnings;
- increases in the minimum capital adequacy requirements of the CBRC; and
- changes in accounting principles or guidelines regarding the calculation of capital adequacy ratios of commercial banks.

If we fail to meet applicable capital adequacy requirements, our capacity for further business growth may be constrained. The CBRC may take certain actions, including imposing restrictions on our lending and investment activities thereby restricting the growth of our loans and other assets, declining to approve our application to enter into a new service or restricting our ability to pay dividends. These actions could materially and adversely affect our reputation, financial condition, results of operations and growth prospects.

We are subject to risks in concentrating our business in Northeast China.

Our business and operations are concentrated in Northeast China. As of 30 September 2013, the loans we granted to borrowers in Northeast China accounted for 68.4% of our total loans and advances to customers and deposits from customers in Northeast China accounted for 75.9% of our total deposits from customers. As approved by the regulatory departments, we have established three branches outside Northeast China, namely Tianjin, Chongqing and Chengdu. Nevertheless, subject to regulatory policies, we may not be able to establish any new branches outside the Heilongjiang region in the future and we expect that our future business and operations will continue to concentrate in Northeast China. If economic growth slows down or adverse changes in the economic environment arise or any severe natural disasters or catastrophic events occur in Northeast China, our asset quality, financial condition and results of operations could be materially and adversely affected.

We are subject to risks in our cross-regional operations.

For cross-regional operations, in addition to direct competition with the existing commercial banks in the regions where we operate, we are also exposed to a series of other risks, including:

- failure to satisfy demands of local customers with our existing products or services;
- inability to adapt to the local culture and operational practices rapidly;
- insufficient financial, operational, managerial and human resources to support cross-regional business expansions; and
- failure to enhance the level of our risk management and internal control capability, as well as improve our information technology systems in time to cater for the demands of cross-regional operations.

Furthermore, we may have difficulties in recruiting staff who are familiar with the local economy, communities and customers. Moreover, our further cross-regional business expansion must comply with various regulations imposed by the PRC regulatory authorities. If there is any adverse change in such regulatory requirements applicable to our Bank, we may not be able to successfully expand our business into other regions in the PRC, which could adversely affect our business, financial condition and results of operations.

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.

Customer deposits are our primary source of funds. Our total customer deposits grew from RMB112,891.6 million as of 31 December 2010 to RMB186,642.4 million as of 31 December 2012, at a CAGR of 28.6%. As of 30 September 2013, our customer deposits amounted to RMB191,130.0 million. There are many factors affecting the growth of customer deposits, some of which are beyond our control, such as macroeconomic and political conditions, the availability of disposable funds of customers, saving habits of customers and other investment alternatives. See "– Our financial condition and results of operations may be materially and adversely affected if we are unable to maintain our growth successfully, continue to optimise our income structure or acquire sufficient resources to support our growth". As a result, we cannot assure you that our customer deposits will grow at a pace sufficient to support our expanding business.

In addition, as of 30 September 2013, 90.3% of our total customer deposits had remaining maturities of one year or less, or were demand deposits. In our experience, largely due to the lack of alternative investment products in China, our short-term customer deposits have generally been rolled over upon maturity. However, we cannot assure you that this will continue to be the case, particularly as the domestic capital market in China continues to develop and we face more competition from banks, fund management companies and other financial institutions in terms of customer deposits.

If we are unable to maintain our growth rate in deposits, or if the growth in deposits is not sufficient to satisfy the funding required for our business expansion, or if a substantial portion of our customers withdraw their demand deposits or do not roll over their time deposits upon maturity, we may need to seek more expensive sources of funding to meet our funding requirements. In case of such events, our liquidity, financial condition and results of operations may be adversely affected.

Our financial condition and results of operations may be materially and adversely affected if we are unable to maintain our growth successfully, continue to optimise our income structure or acquire sufficient resources to support our growth.

From 2010 to 2012, our operating income and net profit increased at a CAGR of 54.1% and 53.0%, respectively. For the years ended 31 December 2010, 2011 and 2012 and the nine months ended 30 September 2013, our net fee and commission income was RMB116.2 million, RMB411.8 million, RMB678.7 million and RMB871.2 million, respectively, representing 3.58%, 7.61%, 8.80% and 14.71%, respectively, of the turnover for the same periods. The proportion of our net fee and commission income relative to our total operating income has increased during the Track Record Period. However, we may not be able to maintain our growth successfully if we fail to optimise our income structure, enhance the proportion of net fee and commission income or strengthen our marketing efforts. Our growth also depends on the macroeconomic factors that affect the PRC or the Heilongjiang region, including the growth of GDP, inflation levels, changes in laws or regulations related to banks and financial products, changes in macroeconomic control policy, market liquidity, changes in credit policies, changes in loan demands as well as progress of financial reform and interest rate liberalisation. We may be unable to maintain our growth rate as a result of an adverse change in any one or more of the above factors or other factors, which could have a material and adverse effect on our financial condition and results of operations.

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.

In recent years, growth of deposits in the PRC banking industry has begun to slow down and competition for deposits among commercial banks has become increasingly intense. In response to such competition, PRC commercial banks, including our Bank, have been increasing the amount and types of wealth management products they offer. As of 30 September 2013, the outstanding balance of our principal-protected wealth management products amounted to RMB1,238 million and the outstanding balance of our non-principal protected wealth management products amounted to RMB28,939 million, representing 0.47% and 11.06%, respectively, of our total assets.

We have invested the funds raised from our wealth management products in, among others, bonds tradable on the PRC interbank market and fund trust plans. As most of the wealth management products issued by us are non-principal protected products, we are not liable for any loss suffered by investors in these products. However, to the extent investors suffer losses on these wealth management products, our reputation may be severely damaged and we may also suffer a loss of business, customer deposits and net income. Furthermore, we may eventually bear losses for non-principal protected products if the investors bring lawsuits against us and the court decides that we are liable for mis-selling such products or otherwise.

In addition, the tenors of wealth management products issued by us are often shorter than those of the underlying assets. This mismatch subjects us to liquidity risk and requires us to issue new wealth management products, sell the underlying assets or otherwise address the funding gap when existing wealth management products mature. PRC regulatory authorities have introduced regulatory policies to restrict the scale of PRC commercial banks' investments in non-standard debt-based assets with funds raised from wealth management products. See "Supervision and Regulation – Regulation of Principal Commercial Banking Activities – Personal Wealth Management". If PRC regulatory authorities further restrict the wealth management business of PRC commercial banks, it 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.

In recent years, we have made substantial investments in receivables, which include fund trust plans issued by trust companies, directional asset management plans managed by securities companies and wealth management products issued by other commercial banks in the PRC. As of 31 December 2010, 2011 and 2012 and 30 September 2013, the balance of our investments in fund trust plans, directional client asset management plans and wealth management products purchased from commercial banks amounted to RMB2,710.8 million, RMB12,642.9 million, RMB22,144.0 million and RMB17,836.9 million, respectively, representing 2.2%, 6.1%, 8.2% and 6.8%, respectively, of our total assets as of those dates. As of 31 December 2013, such balance amounted to RMB43,345.0 million, representing 13.5% of our total assets as of that date. For the years ended 31 December 2010, 2011 and 2012 and the nine months ended 30 September 2013, the interest income from such investments amounted to RMB56.9 million, RMB570.6 million, RMB1,889.5 million and RMB823.9 million, respectively, representing 1.4%, 6.9%, 14.5% and 8.0%, respectively, of our total interest income for those periods.

Fund trust plans are financial instruments that are linked with the beneficiary rights of trust plans sponsored by trust companies. Through investing in fund trust plans, we entrust trust companies with the management of our funds. Trust companies in turn provide financing to borrowers in their own name by using our funds.

Under directional asset management plans, we enter into asset management contracts with securities companies, pursuant to which the securities companies are entrusted to use our funds to provide financing to borrowers through special accounts and in accordance with the terms and conditions of such contracts. Income from such plans is generally fixed. The repayment of principal and interest under the fund trust plans and directional asset management plans is guaranteed by financial institutions in the PRC or secured by collateral provided by borrowers, including properties, land and certificates of deposit. Trust companies, securities companies and the relevant guarantors are generally responsible for the due diligence investigation on the borrowers and financed projects. In order to control risks, we also carry out due diligence investigations on certain projects. Although we review the due diligence investigations conducted by trust companies, securities companies and guarantors before making investments, we are unable to control these investigations and we do not assess the creditworthiness of the borrowers, fund trust plans or directional asset management plans. Our decisions on such investments primarily depend on the choice of borrowers by trust companies, securities companies and guarantors.

Investments in receivables, which typically have predetermined rates of return and fixed terms, carry certain credit risks. We rely on the issuers and ultimate borrowers for such products to make investment decisions to achieve the agreed-upon rates of return. If the agreed-upon rates of return cannot be achieved or the principal of our investments cannot be maintained, we rely on the issuers to reduce our losses and exercise our rights under the related contracts and guarantees to recover losses from the issuers and any guaranteeing entities. In addition, as there has not yet been an active secondary market for investments in receivables, their liquidity is limited. As a result, we generally hold our investments in receivables to maturity.

PRC regulatory authorities have not prohibited commercial banks from investing in receivables. However, there can be no assurance that future changes in regulatory policies will not restrict us or our counterparties with respect to investments in receivables. Any adverse regulatory developments relating to these types of investments could cause a significant decline in the value of our investments and, as a result, may materially and adversely affect our profitability.

We will be exposed to various risks as we expand our range of products and services.

We have expanded and will continue to expand our range of products and services offered to our customers. Our expansion of the range of products and services has exposed and will continue to expose us to new and potentially more challenging risks, including the following:

- we may have insufficient experience or expertise in offering certain new products and services, which may, among other things, lead to insufficient disclosure of all risks associated with our products and services to our customers;
- we may be unable to provide customers with sufficient customer service for our new products and services, including the handling of customer complaints;
- our new products and services may not be accepted by our customers or meet our expectations for profitability;
- our competitors may offer similar products and services to those newly introduced to customers by us;
- we may be unable to hire the required additional qualified personnel;
- we may be unable to obtain or maintain regulatory approval for our new products and services; and
- we may not be successful in enhancing our risk management capabilities or information technology systems to support a broader range of products and services.

If we are unable to achieve the expected commercial results with respect to our new products and services, our business, financial condition, results of operations and prospects could be materially and adversely affected. Furthermore, if we are unable to provide sufficient information to our customers in the sales and marketing of our financial products and services, we may be subject to legal proceedings or regulatory sanctions, which in turn could lead to significant financial losses for our Bank and reputational damage.

We may not be able to recruit, train or retain a sufficient number of qualified staff.

We rely on the continued service and performance of our employees, in particular our senior management and professional staff, as most of our businesses depend on the work quality of our senior management team and professional staff. Therefore, we have devoted considerable resources to the recruitment and training of staff so as to enhance the competitiveness of our Bank in terms of human resources. We have established a stable senior management team as well as a professional microcredit team. However, we face increasing competition for these employees and we cannot assure you that we will be able to recruit and retain such personnel, including senior management and professional staff. In addition, our employees may resign at any time and may seek to divert customer relationships that they have developed at our Bank. The loss of senior management members or key members of our professional staff may have a material adverse effect on the business and results of operations of our Bank.

Our single largest shareholder may be able to exercise significant influence over us.

Harbin Economic Development is expected to own approximately 19.65% of our issued shares immediately following the completion of the Global Offering and assuming no exercise of the Over-allotment Option. Harbin Economic Development is beneficially owned by the Bureau of Finance of Harbin. It is the single largest shareholder of our Bank and owned 29.48% issued shares of our Bank as of the Latest Practicable Date. Accordingly, pursuant to the Articles of Association of our Bank and applicable laws and regulations, Harbin Economic Development has significant influence over any major policy decisions that require the approval of our shareholders. The interests of our single largest shareholder may not be in line with those of other shareholders. We cannot assure you that Harbin Economic Development will pursue decisions and actions that are in the best interests of the other shareholders.

Our business is highly dependent on the proper functioning and improvement of our information technology systems.

Our business is highly dependent on the ability of our information technology systems to process a large number of transactions in various and scattered markets and relating to various products accurately on a timely basis. The proper functioning of our financial control, risk management, accounting, customer service and other data processing systems as well as the communication networks between our branches, sub-branches and our database centres is critical to our business and our ability to compete effectively. However, we cannot assure you that our operations will not be materially disrupted due to any system failure caused by error in software and programmes, computer virus attacks, conversion errors resulted from system upgrading or damage of security systems.

In addition, our ability to maintain our competitive strengths will depend in part on our ability to upgrade our information technology systems in a timely and cost-effective manner. The information available to and received by us through our existing IT systems may not be provided in time or be sufficient for our daily business analysis, risk management or the formulation of our plans for and response to market changes and other developments in our current operating environment. If we fail to improve or upgrade our IT systems effectively or in a timely manner, our competitiveness, financial condition and results of operations could be materially and adversely affected.

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.

Our business operations are exposed to a number of risks, including credit risk, market risk, liquidity risk and operational risk and therefore it is important for us to establish and maintain a well-designed risk management and internal control system. During the Track Record Period, we adopted a number of measures to improve our risk management and internal control. See "Risk Management". There can be no assurance that all of our employees will fully comply with the policies and procedures required by our risk management and internal control systems. In addition, the effectiveness of these policies and procedures may be adversely affected by the malfunction of our information system and other computer systems. As we diversify our business and product portfolios, our business operations may be exposed to additional risks that we are not able to foresee, or may not be effectively addressed by our existing risk management and internal control systems in a timely manner, or at all. If any of the above situations happen, our reputation, business, financial condition and results of operations may be materially and adversely affected.

We may not be able to identify or control the risks relating to our international business in a timely manner or at all.

During the course of our international business operations, we are exposed to various risks. If we fail to identify or control the relevant risks in a timely basis, the results of operations of our international business may be adversely affected. For example, our profits may decrease or we may incur losses due to exchange rate fluctuations resulting from mismatches in the currency denomination of assets and liabilities and currency position mismatches caused by foreign currency transactions. Our foreign exchange income may also decrease due to a decline in the demand for loans in foreign currency in the future.

In addition, our international business is affected by international economic and political conditions. Russia is the primary market for our international business development. If there is any fluctuation in the political and economic conditions or any adverse change in the internal policies of Russia (including political and economic uncertainties in Russia arising from recent events in Ukraine), or if there is any adverse change in the diplomatic or economic relationship between the PRC and the Russian government, our international business may be adversely affected. Furthermore, any escalation of military action, public protests, unrest, political instability or sanctions could have an adverse effect on the Russian economy and consequently our Russian financial services and our ability to conduct or increase our cross-border financial business with Russia.

We may not be able to detect and prevent fraud or other misconduct committed by our employees, customers or other third parties.

We are subject to the risks of fraud or other misconduct committed by our employees, customers or third parties, which may lead to financial losses, third-party claims, penalties by the PRC government and our reputation being materially damaged.

There can be no assurance that our employees will fully comply with our risk management and internal control policies. Although we have increased our efforts to detect and prevent employees and third-party fraud or other misconduct, we cannot assure you that we can fully detect and prevent all incidents of fraud and misconduct in a timely manner, or at all. Fraud and other misconduct committed by our employees, whether involving past acts that have gone undetected or future acts, may have an adverse effect on our business, financial condition and results of operations. In addition, improper acts of third parties against us, such as, among other things, fraud, theft of customer data for illegal activities or robbery, may also expose us to certain risks which may adversely affect our business and operations.

We are subject to various PRC regulatory guidelines and requirements, and our past non-compliance could have adverse impact on our reputation, business, financial condition and results of operations.

We are subject to various laws, regulations, regulatory requirements and guidelines promulgated by the PRC regulatory authorities including, without limitation, the CBRC, the PBOC, the CSRC, the SAFE, the MOF, the SAIC, the CIRC, the NAO and the SAT and/or their respective local branches. These laws, regulations, guidelines and regulatory requirements include compliance with the required ratios as provided in the Core Indicators (Provisional) issued by the CBRC, approvals for banking products and services, market entry, opening of new branches or sub-branches, taxation and accounting policy, risk management, internal control and pricing. See "Supervision and Regulation". The PRC regulatory authorities carry out regular and specific inspections, examinations and inquiries in respect of our compliance with the required ratios as provided in the Core Indicators (Provisional) issued by the CBRC, as well as legal and regulatory requirements and guidelines relating to our business operations, risk management and internal controls. Fines may be imposed on us if non-compliance has been detected and the PRC regulatory authorities may also direct us to make remedial measures. During the Track Record Period, inspections by the PRC regulatory authorities revealed certain deficiencies and non-compliance with certain legal and regulatory requirements and guidelines mainly in relation to our business operations. We also did not comply with the required ratios as provided in the Core Indicators (Provisional) issued by the CBRC in a number of circumstances during the Track Record Period. Incidents of these non-compliances include providing loans that were not in compliance with the general rules governing the granting of loans and request of individual credit reports of our customers by our staff without written authorisation of our customers and non-compliance with the lending limit ratio to a single borrower. See "Business – Findings of Regulatory Examinations and Compliance with Core Indicators".

If we are subject to sanctions, fines or other penalties due to our non-compliance with the applicable regulations or guidelines, our business, financial condition, results of operations and reputation could be materially and adversely affected.

We may not be able to detect money-laundering and other illegal or improper activities fully or on a timely basis.

We are required to comply with the applicable laws and regulations relating to anti-money laundering and anti-terrorism in the PRC and other jurisdictions where we operate. According to the Anti-money Laundering Law of the PRC, financial institutions are required to establish sound internal control policies and procedures with respect to the supervision and reporting of money-laundering activities. Such policies and procedures require us to, among others, establish an independent anti-money laundering department or appoint an internal department to be responsible for anti-money laundering, establish a customer identification system in accordance with relevant rules, set up a system for storing customer personal data and transaction records in accordance with the rules, and report any suspicious transactions to the relevant department in accordance with relevant requirements. See "Supervision and Regulation – PRC Banking Supervision and Regulation – Anti-money Laundering Regulation".

While we have adopted relevant policies and procedures aimed at monitoring and preventing the use of our banking network for money-laundering activities or by terrorists and terrorist-related organisations and individuals generally, due to the complexity and invisibility of money-laundering and terrorist activities and the subjective factors of our judgements towards the suspicious transactions, we may not completely eliminate instances where our Bank may be used by other parties to engage in money-laundering and other illegal or improper activities. We cannot provide assurance that there will not be future failures in detecting money-laundering or other illegal or improper activities, which may adversely affect our business, reputation and operations or may expose us to additional liabilities.

We are subject to risks associated with off-balance sheet commitments.

In the ordinary course of business, we provide various commitments and guarantees services, including bank acceptances, letters of credit, bank guarantees and loan commitments, which are not reflected in our statement of financial position. As of 30 September 2013, our off-balance sheet commitments amounted to RMB52,949.9 million. See "Financial Information – Off-balance Sheet Commitments". We are subject to credit risks associated with these credit commitments. If our customers are unable to honour their obligations, our financial condition and results of operations may be adversely affected.

There may be potential disputes involving shareholders of the Bank that we are unable to locate.

As of the Latest Practicable Date, we have been unable to contact five corporate shareholders and 75 individual shareholders among the 3,670 total shareholders of our Bank at that date to confirm their identities. The shares held by such shareholders represented approximately 0.02% of the total issued share capital of our Bank in aggregate as of the Latest Practicable Date.

We have deposited the shares held by all shareholders, including those we are unable to locate, with Harbin Equity Trusteeship Centre. According to Jun He Law Offices Beijing, our PRC legal advisor, the existence of the shareholders whom we are unable to locate has no significant adverse impact on the stability of the shareholding structure and good standing of our Bank. However, we cannot guarantee that there will not be any disputes regarding equity interests raised by such shareholders, such as dispute over the dilution of their shareholding. Any of such disputes or objections may result in negative publicity and reputational damage to us.

We may be involved in legal and other disputes in relation to our business operations from time to time, which may lead to potential liabilities and risks.

We may be involved in legal and other disputes relating to our business operations from time to time due to different reasons. Such disputes generally relate to our attempts to recover debts from borrowers or claims made by our customers or other parties against us. Most of the disputes occur in the course of our ordinary operations. Moreover, the registration of the logo of our Bank in the PRC, (by itself or together with our Chinese and English name), has not yet been completed due to legal proceedings. See "Business – Intellectual Property Rights" and "Business – Compliance and Legal Proceedings". We cannot assure you that these disputes or proceedings will result in judgements that will be favourable to us. We expect that we will continue to be subject to litigation or other disputes in the future, which may result in additional risks and losses. The litigation or other disputes we are involved in from time to time may damage our reputation and increase our operating costs, and may divert resources and the attention of our management from our core business. Adverse judgements in any of the current or future proceedings we are involved in may have a material adverse impact on our reputation, business, financial condition and results of operations.

We have not obtained the title certificates for some of the properties held by us, and some of the lessors of the properties we lease have not obtained the relevant title certificates, which may materially and adversely affect our rights to use such properties.

As of 31 January 2014, we owned 334 properties in total with a total GFA of approximately 260,357.16 sq.m. We have not obtained the land use rights certificates (but we have obtained the building ownership certificates) in respect of 37 properties (with a GFA of approximately 7,836.08 sq.m representing 3.01% of the total GFA of the properties held by us). We have obtained neither the land use rights certificates nor building ownership certificates in respect of 44 properties (with a GFA of approximately 41,237.12 sq.m representing 15.84% of the total GFA of the properties held by us). We are in the process of applying for the relevant land use rights certificates or building ownership certificates that we do not yet hold and have taken steps to rectify certain title defects. Due to title defects or for other reasons, we cannot ascertain the time when we can obtain such certificates successfully, and we cannot guarantee that we can obtain the land use rights certificates or building ownership certificates for all of the properties held by us. Our rights to transfer, lease, mortgage, sell or otherwise dispose of such properties may be restricted until we obtain the relevant land use right certificates and/or building ownership certificates. We will also need to pay transfer fees and incur other relevant expenses in order to obtain all title certificates for such properties. Our failure to obtain all title certificates for such properties may require us to seek alternative premises for our business operations, which may lead to disruptions of our business operations to varying degrees and may materially and adversely affect our financial condition and results of operations.

As of 31 January 2014, we leased approximately 362 properties in China, among which 75 were leased from lessors who were not able to provide the title certificates, representing approximately 23.94% of the total GFA of the properties we lease. As a result, the validity of our leases may be subject to challenge under relevant laws. In addition, we cannot assure you that we would be able to renew our leases on terms acceptable to us upon their expiration. If any of our leases were terminated as a result of challenges by third parties or if we fail to renew any of them upon expiration, we may be forced to relocate our business outlets and incur additional costs associated therewith, and our business, financial condition and results of operations may be materially and adversely affected. See "Business – Properties".

Our business, financial condition, results of operations and prospects and the value of your investment may be adversely affected as a result of negative media coverage of our Bank, our senior employees or the PRC banking industry.

Our reputation is critical to the successful operation of our Bank. In recent years, negative media coverage and public concerns regarding the poor management of commercial banks or irregularities involving the operations of commercial banks has been increasing. We cannot assure you that we will not become the target of or be included in any negative media coverage, including coverage on the internet, due to the business operations of our Bank or any misconduct of our staff. Any negative coverage of our Bank or our staff, whether or not it is accurate or applicable to us, may materially and adversely affect our reputation. This could have material adverse effects on our business, financial condition, results of operations and prospects, as well as the value of your investment.

RISKS RELATING TO THE PRC BANKING INDUSTRY

Intensifying competition in the PRC banking industry and competition in the capital markets of the PRC in terms of capital could have material adverse effects on our business, financial condition, results of operations and prospects.

At present, we face increasingly intense competition in the PRC banking industry. We face intense competition from Large Commercial Banks, Nationwide Joint-stock Commercial Banks, the Postal Savings Bank of China, other city commercial banks, rural commercial banks and foreign-invested banks. Large Commercial Banks have advantageous positions in the PRC banking industry due to their relatively large scales of assets and customer bases. Other commercial banks have formed differentiated and competitive strategies through strategy adjustment, operational transformation and strengthening innovation of products and services, which has contributed to increases in their market shares. Small to medium rural financial institutions have further strengthened their market positions in the agricultural industry, in rural areas and among farmers and have enhanced the quality of their agricultural-related financial services. The relaxation of restrictions in the PRC on geographic operating regions and customers has fostered business development of foreign-invested banks in China. The above competitors have competitive advantages over us in terms of their capital bases, asset scale, market influence and financial techniques.

In respect of microcredit business, banks are increasingly starting to realise the importance of the microcredit business market and many large-scale banks have been expanding into the microcredit market by leveraging their competitive advantages. Increased competition in the microcredit business market may have adverse impacts on the market development capability and profitability of our microcredit business.

We compete with other banks for substantially the same customers for our loan, deposit and fee- and commission-based businesses. Such competition may materially and adversely affect our business and future prospects by, for example, reducing the market shares of our major products and services, reducing our fee and commission income, adversely affecting the growth of our loan or deposit portfolios and other related products and services, and increasing competition for senior management members and qualified professional personnel. If we cannot successfully compete against other banks and financial institutions, our results of operations could be materially and adversely affected.

Moreover, with the development of the capital markets in China, we also face competition from other forms of investment alternatives. In particular, our customers are provided with diversified investment options due to the development of the capital markets. As the stock and bond markets in China continue to develop, our deposit customers may elect to convert their funds into stocks and bonds, which may reduce our deposit base and materially and adversely affect our business, financial condition and results of operations.

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 PRC banking industry is highly regulated and our business could be directly affected by changes in the regulatory policies, laws and regulations relating to the PRC banking industry, such as those affecting the scope of specific businesses we can engage in, or charge fees for, as well as changes in other governmental policies. The regulatory regime of the PRC banking industry has been undergoing significant changes, some of which are applicable to us and may result in additional compliance costs or restrictions on our activities. Since its establishment in 2003, the CBRC has promulgated a series of banking regulations and guidelines aimed at improving the operations and risk management of the PRC commercial banks, including guidelines on loans and credits granted to specified industries and customers, guidelines on management of various risks and administrative measures on capital adequacy to implement the Basel Accords. See "Supervision and Regulation".

In addition, other PRC regulatory authorities have also imposed various macroeconomic measures that affect the banking industry. For example, the PBOC adjusts the required deposit reserve ratio from time to time. We cannot assure you that changes in the policies, laws and regulations relating to the PRC banking industry will be favourable for us nor can we assure you that such changes will not happen or changes (if any) will not materially and adversely affect our business, financial condition and results of operations. We cannot assure you that we will be able to adapt to all such changes or new policies on a timely basis, if at all. In addition, there are uncertainties about the interpretation and application of such new policies, laws and regulations. We may be subject to fines and restrictions on our business if we fail to comply with the applicable policies, laws and regulations, and our business, financial condition, results of operations and prospects may be materially and adversely affected.

The growth of China's banking industry may not be sustainable.

The PRC banking industry has experienced rapid growth, consistent with the economic development of the PRC. Banks have historically been, and are likely to remain, the principal financing channel for enterprises and the primary choice for domestic savings. We expect the banking industry in the PRC to further expand as a result of, among others, the continued growth in the PRC economy, increases in household income, deregulation of interest rates, further liberalisation of exchange restrictions on the Renminbi and further growth of the fee and commission-based business. However, we cannot assure you that the growth and development of the PRC banking industry will be sustainable. The financial crisis in the United States resulted from a subprime mortgage crisis and the European sovereign debt crisis resulted in a global economic downturn. According to data of the NBSC, the GDP of China grew at a rate of 7.8% in 2012. It is uncertain whether the PRC economy and the banking industry can return to previous levels of growth. In addition, the PRC banking industry has historically been burdened with a high level of non-performing loans. Even with the PRC government's measures to dispose of the non-performing loans of the Large Commercial Banks and certain Nationwide Joint-stock Commercial Banks and to recapitalise these banks, we cannot assure you that the PRC banking industry will be free from systemic risks. If the rate of growth of the PRC banking industry slows down, our business, financial condition and results of operations may be materially and adversely affected.

Our types of investment are subject to various limitations according to the PRC regulations, and as a result, our ability to realise higher investment returns and diversify our investment portfolio or hedge relevant risks in our RMB-denominated assets is limited.

As a result of the PRC regulatory restrictions, substantially all of our RMB-denominated investment assets are concentrated in a limited number of investments permitted for city commercial banks in the PRC, such as government bonds issued by the MOF, financial bonds issued by other PRC policy banks, bills issued by the PBOC, bonds, subordinated notes and other debt instruments issued by other PRC commercial banks, short-term commercial papers and derivatives issued by qualified domestic entities, and domestic corporate bonds traded in interbank market. These restrictions on our ability to diversify our investment portfolio limit our ability to seek returns on our investments in a way comparable with those of banks in other countries or our ability to manage our liquidity as banks in other countries. In addition, we are exposed to a certain level of risk as a result of the concentration of our RMB-denominated investments assets and lack of hedging instruments. For example, any deterioration of the financial condition of domestic commercial banks would increase the risks associated with holding their bonds issued by these commercial banks. A decrease in the value of any of these types of investments could have a material adverse effect on our financial condition and results of operations.

We are subject to changes in interest rates and other market risks.

Similar to most of the city commercial banks in the PRC, our results of operations depend, to a significant extent, on our net interest income. For the years ended 31 December 2010, 2011 and 2012 and the nine months ended 30 September 2013, our net interest income represented 91.1%, 89.0%, 86.3% and 83.1%, respectively, of our total operating income. Our net interest income is significantly affected by changes in interest rates. Interest rates applicable to us are sensitive to many factors that are beyond our control, including the regulatory framework of the banking and financial sectors in the PRC, domestic and international economic and political conditions, and competitive pressures. For example, the PBOC increased the benchmark interest rates of RMB-denominated loans and deposits five times from 2010 to 2011. Since 2012, the PBOC has twice cut the benchmark interest rates of RMB-denominated deposits and loans of financial institutions. In addition, the PBOC has been liberalising the overall control over lending rate of financial institutions (except for personal residential mortgage loans) since 20 July 2013. Increasing competition in the banking industry and further liberalisation of the interest rate regime may result in more volatility in market interest rates. The constraints on our ability to set the interest rates we pay on deposits or charge on loans and our relative lack of experience in reflecting interest rates in our pricing decisions may materially and adversely affect our ability to react to changes in market conditions, our lending business, our financial condition and our results of operations. Furthermore, we cannot assure you that we will be able to adjust the composition of our asset and liability portfolios and our product pricing to enable us to effectively respond to the further liberalisation of interest rates.

We also engage in foreign currency business, and our income from foreign currency related activities is also subject to volatility caused by, among other things, fluctuations in foreign currency exchange rates. As the derivative market has yet to fully develop in China, there are limited risk management tools available to enable us to reduce risks related to interest rates, exchange rates and other market risks. In addition, due to restrictions on the types of investments we may make, our ability to hedge against market risk is limited. See "Business – Treasury Operations – Financial Derivatives Transactions".

The liquidity risk of the PRC banking industry may materially and adversely affect our liquidity, business, financial condition and results of operations.

We are subject to liquidity risk of the PRC banking industry. The liquidity of the interbank market has a material impact on our capital needs. As of 31 December 2010, 2011 and 2012 and 30 September 2013, the total amount of deposits and placements from banks and other financial institutions, and financial assets sold under repurchase agreements accounted for 4.5%, 23.6%, 23.4% and 17.9% of the total liabilities. The market interest rate mechanism based on SHIBOR is gradually developing in the PRC interbank market. However, the market interest rate may have significant fluctuations given the relative short history of the mechanism based on SHIBOR in the PRC market. We cannot guarantee that the interest rate based on SHIBOR can be recovered to the normal range in a short period of time after any abnormal fluctuations in the future. Any significant fluctuations of the PRC interbank market may materially and adversely affect our ability to obtain capital and manage liquidity at a reasonable cost through the inter-bank market, which may have a material adverse effect on our business, financial condition and results of operations as we may need to seek other sources of capital with higher cost to satisfy our capital needs.

Moreover, our assets value may be significantly and adversely affected by significant fluctuations of market interest rates. For example, the fair value of bond investments with fixed yield held for trading may decrease significantly as a result of a sharp increase of market interest rate, which will in turn have a material and adverse impact on our liquidity and financial condition.

The effectiveness of our credit risk management is affected by the quality and scope of information available in China.

National individual and enterprise credit information databases developed by the PBOC have been put into operation in recent years. China UnionPay Co., Ltd. has also prepared an individual credit blacklist. However, such national credit information systems are generally under-developed due to short operation history, limited availability of information and the insufficient information infrastructure in China, which is currently under development. Therefore, our assessment of the credit risk associated with a particular customer may not be based on complete, accurate or reliable information. Until a comprehensive national credit information system is fully developed, we have to rely on other publicly available information and our internal resources which could not be comparable to a comprehensive national credit information system in terms of the coverage and validity of information sources. In addition, loan contracts in China may not contain financial and other covenants of the same type in other regions which allow our Bank to effectively monitor, timely detect and take action on the credit levels of our customers. In addition, the connected relationships among borrowers are complicated and difficult to clarify in China, which will limit our ability to obtain accurate and complete information or in analysing concentration of borrowers based on such information. As a result, our ability to effectively manage our credit risk may be materially and adversely affected.

Investments in commercial banks in the PRC are subject to ownership restrictions that may materially and adversely affect the value of your investment.

Investments in commercial banks in the PRC are subject to a number of ownership restrictions. For example, prior approval from the CBRC is required for any person or entity to hold 5% or more of the registered capital or total issued shares of a commercial bank in the PRC. If a shareholder of a commercial bank in the PRC increases its shareholding above the 5% threshold without obtaining the CBRC's prior approval, the shareholder will be subject to CBRC sanctions, which include, among other things, rescission of the acquisition and disgorgement of profits (if any) and fines. In addition, a commercial bank shall not accept its shares as collateral. Pursuant to Guidelines on Corporate Governance of Commercial Banks (商業銀行公司治理指引), any shareholder of a commercial bank who pledges its shares in the bank as collateral of guarantee shall give an advanced written notice to the board of directors of such bank. If a shareholder of a bank has a loan from such bank in excess of the audited net value of its shares in the bank for the preceding year, the shareholder may not use its shares in the bank as collateral for borrowings. Therefore, if one of your investment goals is to acquire a substantial equity interest in us, your goal may not be achieved unless you are able to obtain the prior approval of the CBRC. See "Supervision and Regulation – PRC Banking Supervision and Regulation – Ownership and Shareholder Restrictions – Restrictions on Shareholders". In addition, future changes in ownership restrictions made by the PRC government may materially and adversely affect the value of your investment.

Our loan classification and provisioning policies may be different in certain aspects from those applicable to banks in certain other countries or regions.

We classify our loans into five categories in accordance with the PRC regulatory guidelines. The PRC guidelines may be different from those applicable in other countries and regions, such as the United States. Our loan classification and provisioning policies may be different in certain aspects from those of banks subject to regulations in certain other countries or regions. As a result, our loan classification and our allowance for impairment losses may differ from those that would be reported if we were subject to regulations in those countries or regions. As such, profits of our Bank may decrease significantly, and our business, financial condition, results of operations and prospects could be materially and adversely affected.

RISKS RELATING TO THE PRC

Our business, financial condition, results of operations and prospects have been and will continue to be affected by the fluctuation in the global economy and the slowdown of China's economic growth, as well as the changes in the PRC government's policies.

Our performance has been and will continue to be affected by the economic conditions of China, which in turn is influenced by the global economy. As a result of the prolonged effects of the global financial crisis and Euro-zone sovereign debt crisis, recessionary conditions are present in many economies globally and such conditions may persist over the near to medium term. The deterioration in the global economy has added greater downward pressure on China's economic growth. According to statistics released by the NBSC, China's GDP in 2012 grew by 7.8% as compared with that of the previous year. China's GDP growth rate in 2013 is expected to reduce to 7.5% pursuant to the estimation of the NDRC. According to statistics of the NBSC, the year-on-year growth of China's GDP for the first nine months of 2013 was 7.7%. Many of our customers and counterparties in the ordinary course of our business are companies operating in industries that have been exposed to the impact of the economic downturns in China and globally, such as the real estate, natural resources and infrastructure facilities-related industries. Our asset quality may deteriorate and our provisions for impaired loans may have to be increased if our major customers or their counterparties fail to or are otherwise unable to meet their obligations. The value of the collateral or guarantees provided to us may be changed adversely and we may be unable to realise the full value of our collateral or guarantees. We may also face difficulties in expanding our businesses due to the lack of confidence in the economic growth and the declines in investments and spending. Any of the above situations may have a material adverse effect on our business, financial condition and results of operations. The precise nature of all the risks and uncertainties that we face as a result of current economic conditions cannot be predicted precisely and many of these risks are beyond our control.

Moreover, as substantially all of our businesses, assets and operations are in the PRC, our financial condition, results of operations and business prospects are subject, to a significant degree, to the economic, political and legal developments in the PRC. The economy of the PRC differs from the economies of most developed countries in many respects, including, among others, the extent of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. For example, the PRC government also exercises significant control over economic growth by allocating resources, setting fiscal and monetary policy and providing preferential treatment to particular industries or companies. Therefore, any significant change to the political, economic and social environments, as well as government policies of the PRC may materially and adversely affect our business, financial condition, results of operations and prospects.

The interpretation and implementation of the PRC law and regulations could limit the protections available to you.

We are established under the laws of the PRC. The PRC legal system is based on written statutes. Since the late 1970s, the PRC government has promulgated laws and regulations dealing with economic matters such as the issuance and trading of securities, shareholder rights, foreign investment, corporate organisation and governance, commerce, taxation and trade. However, as many of these laws and regulations are relatively new and will continue to evolve, they are subject to different interpretations and may not be uniformly enforced. In addition, there is only a limited volume of published court decisions which may be cited for reference, and such cases have limited precedential value as they are not binding on subsequent cases. These uncertainties relating to the interpretation of PRC laws and regulations can affect the legal remedies and protections that are available to you and can adversely affect the value of your investment.

Our Articles of Association provide that disputes between holders of our H Shares and our Bank, our Directors, Supervisors or senior management, arising out of our Articles of Association, the PRC Company Law and related regulations, concerning the affairs of our Bank, are to be resolved through arbitration by the CIETAC or the HKIAC, rather than by a court of law. Awards made by PRC arbitral authorities recognised under the Hong Kong Arbitration Ordinance can be enforced in Hong Kong. Hong Kong arbitral awards are also enforceable in the PRC, subject to the satisfaction of certain PRC legal requirements. However, we are uncertain whether any action brought in the PRC to enforce an arbitral award made in favour of holders of H Shares would succeed.

You may experience difficulties in effecting service of legal process and enforcing foreign judgments against us and our management.

We are a company incorporated under the laws of the PRC, and substantially all of our assets are located in the PRC. In addition, most of our Directors and all of our senior management reside within the PRC, and substantially all of their assets are located within the PRC. As a result, it may not be possible to effect service of process within the United States or elsewhere outside of the PRC upon us, or respective Directors and senior management, including relevant matters arising under the U.S. federal securities laws or applicable State securities laws. Moreover, although a judgement of a court of another jurisdiction may be reciprocally recognised or enforced subject to the satisfaction of other requirements in the PRC (e.g. if the jurisdiction has a treaty with the PRC or if judgements of PRC courts have been recognised before in that jurisdiction), the PRC does not have treaties providing for the reciprocal enforcement of judgements of courts with foreign countries including the United States. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgements with the United States. As a result, recognition and enforcement in the PRC or Hong Kong of judgements of a court in the United

States and any of the other jurisdictions mentioned above in relation to any matter may be difficult or impossible.

The holders of H Shares will not be able to bring actions on the basis of violations of the Hong Kong Listing Rules and must rely on the Hong Kong Stock Exchange to enforce its rules. The Hong Kong Listing Rules and Hong Kong Codes on Takeovers and Mergers and Share Repurchases do not have the force of law in Hong Kong.

PRC government controls on currency exchange and the fluctuation of Renminbi may materially and adversely affect our operations and our ability to pay dividends to holders of our H Shares.

Renminbi is currently not a freely convertible currency. Substantially all of the revenue of our Bank is denominated in Renminbi. If we pay any dividends in foreign currencies to the holders of our H Shares, Renminbi must be converted into other currencies in order to meet our foreign currency obligations. Under the existing foreign exchange regulations of the PRC, following the completion of the Global Offering, we will be able to undertake foreign exchange transactions in the current account, including payment of dividends in foreign currencies without prior approval from the SAFE if we comply with the relevant procedural requirements. However, in the future, the PRC government may, at its discretion, take measures to restrict access to foreign currencies for current account transactions under certain circumstances. In this case, we may not be able to pay dividends in foreign currencies to holders of our H Shares.

The value of the Renminbi against the U.S. dollar and other currencies fluctuates and is affected by, among other things, changes in Chinese and international political and economic conditions. Since mid-2005, the PRC government has adopted a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band that is based on market supply and demand and reference to a basket of currencies. The PRC government has since made adjustments to the exchange rate system and may make further adjustments in the future. Any appreciation of the Renminbi against the U.S. dollar or any other foreign currencies may result in a decrease in the value of our foreign currency-denominated assets. Conversely, any devaluation of the Renminbi may adversely affect the value of, and any dividends payable on, our H Shares in foreign currency terms. As of 30 September 2013, approximately 0.6% of our assets and approximately 0.3% of our liabilities were denominated in foreign currencies. We are also currently required to obtain the approval of the SAFE before converting significant amount of foreign currencies into Renminbi under certain circumstances as stipulated by applicable laws. All of these factors could materially and adversely affect our financial condition, results of operations and compliance with capital adequacy ratios and operational ratios.

Holders of H Shares may be subject to PRC taxation.

Under current PRC tax laws, regulations and rules, dividends paid by our Bank to a non-PRC resident individual holder of H Shares ("Non-resident Individual Shareholder") are subject to individual income tax. According to the Notice Regarding the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa 1993 Document No.45 (關於國税發1993045號文件廢止後有關個人所得税徵管問題的通知) issued by SAT on 28 June 2011, our Bank shall withhold such tax at a rate ranging from 5% to 20% (generally 10%) of the dividend paid to the Non-resident Individual Shareholders, and the specific tax rate will be determined by the applicable tax treaties between the PRC and jurisdictions in which the Non-resident Individual Shareholders reside. If the Non-resident Individual Shareholders reside in a jurisdiction which has not entered into any tax treaty with the PRC, income tax shall be withheld at a rate of 20% for the dividend distributed by our Bank. See "Appendix VII – Taxation and Foreign Exchange". In addition, according to the Individual Income Tax Law of the PRC

(中華人民共和國個人所得稅法) and its implementation rules, gains realised from the sales or transfer of H shares by other means by Non-resident Individual Shareholders shall be subject to the individual income tax rate of 20%. Nevertheless, pursuant to the Notice Regarding Continuous Exemption from Individual Income Tax for Gains Realised from Share Transfer by an Individual (關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知) issued by the MOF and the SAT on 30 March 1998, gains realised from the transfer of shares of listed companies by an individual is exempted from individual income tax. As of the Latest Practicable Date, there is no regulation which clearly specify whether the gains realised from the sales or transfer of H shares by other means by Non-resident Individual Shareholders shall be subject to individual income tax, and the PRC tax authorities has not imposed relevant individual income tax in practice. If such tax is to be imposed in the future, the investment value in H shares of the Non-resident Individual Shareholders could be materially and adversely affected.

Pursuant to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) and its implementation rules, income generated in the PRC by non-resident enterprise is subject to enterprise income tax of 10%, and such income includes dividends received from the PRC companies and gains realised from the disposal of equity in the PRC companies, which may be deductible under the special arrangement or applicable treaties entered into between the PRC and jurisdiction where the relevant non-resident enterprise domiciles. See "Appendix VII – Taxation and Foreign Exchange". As the Enterprise Income Tax Law of the PRC and its implementation rules are relatively recent and their interpretations and enforcement by the PRC tax authorities are subject to uncertainties, including if and how to collect enterprise income tax for gains realised from the sales or transfer of H shares by other means by non-resident enterprise holders of H Shares or dividends received from our Bank. If such tax is to be imposed in the future, the investment value in H Shares of the non-resident enterprise shareholder could be materially and adversely affected.

Payment of dividends is subject to restrictions under PRC law.

Under the PRC law, dividends may be paid only out of distributable profits. Distributable profits means, as determined under PRC GAAP or IFRS, whichever is lower, the net profits for a period, plus the distributable profits or net of the accumulated losses, if any, at the beginning of such period, less appropriations to statutory surplus reserve (determined under PRC GAAP), general reserve and discretionary surplus reserve (as approved by our shareholders' general meeting). As a result, we may not have sufficient distributable profits, if any, to make dividend distributions to our shareholders in the future, including with respect to periods where we register an accounting profit. Any distributable profits that are not distributed in a given year are retained for distribution in subsequent years.

In addition, according to the New Capital Adequacy Measures which came into effect on 1 January 2013, for Grade IV commercial banks which fail to meet the minimum capital requirement for any of capital adequacy ratio, tier 1 capital adequacy ratio and core tier 1 capital adequacy ratio, and Grade III commercial banks which meet all of the above minimum capital requirements but fail to meet other capital requirements, the CBRC has the discretionary authority to restrict dividend payments and other distributions by such banks. See "Supervision and Regulation – PRC Banking Supervision and Regulation – Supervision Over Capital Adequacy – Latest CBRC Supervisory Standards Over Capital Adequacy". Any restriction on the payment of dividends or other distributions by our Bank may have a material adverse effect on holders of H Shares.

Natural disasters, epidemics, acts of war or terrorism or other factors beyond our control may have a material adverse effect on our business, financial condition and results of operations.

Natural disasters, epidemics, acts of war or terrorism or other factors beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the regions we conduct our business. These regions may be under the threat of flood, earthquake, sandstorm, snowstorm, fire or drought, power shortages or failures, or are susceptible to epidemics, such as Severe Acute Respiratory Syndrome ("SARS") or "H7N9 avian flu", potential wars or terrorist attacks. Serious natural disasters may result in a significant loss of lives and injury and destruction of properties and disrupt our business and operations. Severe communicable disease outbreaks could result in a widespread health crisis that could materially and adversely affect the economies and financial markets. Acts of war or terrorism may also injure our employees, cause loss of lives, damage our facilities, disrupt our retail network and destroy our markets. Any of these factors and other factors beyond our control could have an adverse effect on the overall business and environment, cause uncertainties in the regions where we conduct business, result in unpredictable losses and materially and adversely impact our financial condition and results of operations.

We cannot assure you of the accuracy or comparability of facts, forecasts and statistics contained in this prospectus with respect to the PRC, the PRC economy or the PRC and global banking industries.

Facts, forecasts and statistics in this prospectus relating to the PRC, the PRC economy and the PRC and global banking industries, including our market share information, are derived from various official sources and information published by various government authorities and departments, such as the PBOC, the CBRC, the NBSC, the NDRC or other public sources, which are generally believed to be reliable. However, we cannot guarantee the quality, comparability and reliability of such material. In addition, these facts, forecasts and statistics have not been independently verified by us and may not be consistent with information available from other sources, and may not be complete or up to date. We have taken reasonable care in reproducing or extracting the information from such sources. However, because of potentially flawed methodologies, discrepancies in market practice and other reasons, these facts, forecasts and other statistics may be inaccurate or may not be comparable from period to period or to facts, forecasts or statistics offered by other economies. As a result, you should not place undue reliance on such information.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our H Shares, an active trading market for our H Shares may not develop, and their trading price may fluctuate significantly.

Prior to the Global Offering, there was no public market for our H Shares. The initial Offer Price to the public for our H Shares is the result of negotiations between us (on behalf of ourselves and the Selling Shareholders) and the Joint Global Coordinators on behalf of the Underwriters, and the Offer Price may differ significantly from the market price for our H Shares following the Global Offering. Moreover, the trading volume and price of our H Shares may be affected by various factors including the research reports on us prepared by securities or industry analysts, which are yet to be released or a reduction of their ratings on our H Shares. There can be no assurance that an active trading market for our H Shares will develop following the Global Offering or, if it does develop, that it will be sustained or that the market price for our H Shares will not decline below the initial Offer Price.

Future sales or perceived sales of substantial amount of our H Shares in the public market could have a material adverse effect on the prevailing market price of our H Shares and our ability to raise capital in the future.

The market price of our H Shares could decline as a result of future sales of substantial amount of our H Shares or other securities relating to our H Shares in the public market or the issuance of new shares, or the perception that such sales or issuances may occur. Future sales or perceived sales of a substantial amount of our H Shares may have material and adverse effects on our ability to raise capital at a favourable price at a specific time in the future. In addition, the shareholdings of our Shareholders may be diluted upon future issuance or sales of additional securities. If additional funds are raised through the issuance of new equity or equity-linked securities other than on a *pro rata* basis to existing Shareholders, the shareholdings of such Shareholders may be reduced and the new securities may have rights and privileges senior to those of the H Shares.

The conversion of a significant number of Domestic Shares into H Shares could have a material adverse effect on the prevailing market price of our H Shares.

Our Domestic Shares may be converted into H Shares provided that the conversion and trading of the H Shares so converted shall have duly completed pursuant to any requisite internal approval process and the approval from the relevant PRC regulatory authorities, including the CSRC. In addition, such conversion and trading shall in all respects comply with the regulations prescribed by the State Council securities regulatory authority and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. If a significant number of Domestic Shares is converted into H Shares, the supply of our H Shares may be substantially increased which may have a material adverse effect on the prevailing market price of our H Shares.

As the Offer Price of our H Shares is higher than our net tangible book value per share, purchasers of our H Shares in the Global Offering will experience immediate dilution upon such purchase.

The Offer Price of our H Shares is higher than our net tangible book value per share of the outstanding shares issued to our existing shareholders as of 30 September 2013. Therefore, purchasers of our H Shares in the Global Offering will experience an immediate dilution in pro forma net tangible book value per H Share and our existing shareholders will receive an increase in the pro forma adjusted consolidated net tangible asset value per share. In addition, holders of our H Shares may experience a further dilution of their interest if the Underwriters exercise the Over-allotment Option or if we obtain additional capital in the future through share offerings.

There will be a four-business-day time gap between pricing and trading of our H Shares offered in the Global Offering, holders of our H Shares are subject to the risk that the trading prices of our H Shares could fall during the period before trading of our H Shares begins.

The initial Offer Price range to the public of our H Shares was determined on the date of this prospectus. However, our H Shares will not commence trading on the Hong Kong Stock Exchange until they are delivered, which is expected to be four Hong Kong business days after the Price Determination Date. As a result, investors may not be able to sell or otherwise deal in our H Shares during that period. Accordingly, holders of our H Shares are subject to the risk that the price of our H Shares could fall before trading begins as a result of adverse market conditions or other adverse developments that could occur between the time of sale and the time trading begins.

Dividends distributed in the past may not be indicative of our dividend policy in the future.

We declared and paid a bonus share of RMB686.7 million and a cash dividend of RMB171.7 million in 2013, a bonus share of RMB392.4 million and a cash dividend of RMB392.4 million in 2012, and a bonus share of RMB1,890.3 million in 2011 in respect of profits for the years ended 31 December 2012, 2011 and 2010, 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. The declaration of dividends is proposed by the Board and is based on, and limited by, various factors, including, without limitation, our business and financial performance, capital and regulatory requirements, and general business conditions. We may not have sufficient or any profits to enable us to make dividend distributions to our shareholders in the future, even if our IFRS financial statements indicate that our operations have been profitable. See "Financial Information – Dividend Policy".

You should rely only on this prospectus and not on any information contained in press articles or other media in making your investment decision.

We have not authorised anyone to provide you with information that is not contained in this prospectus and the Application Forms. Any financial information, financial projections, valuations and other information purportedly about us contained in any press articles or other media have not been authorised by us and we make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication, and accordingly do not accept any responsibility for any such press or media coverage or the inaccuracy or incompleteness of any such information. In making your decision as to whether to purchase our H shares, you should rely only on the information included in this prospectus and the Application Forms.