You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in our H shares. Our business, financial condition or results of operations 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 system which may differ from what prevail in other countries. For more information concerning the PRC legal and regulatory system and certain related matters discussed below, see "Supervision and Regulation," "Appendix VII—Summary of Certain Legal and Regulatory Matters" and "Appendix VIII—Summary of Articles of Association."

RISKS RELATING TO OUR LOAN PORTFOLIO

Our current results of operations and financial condition reflect certain extraordinary disposals of non-performing assets.

Our results of operations have been, and may continue to be, negatively affected by our non-performing loans. Our non-performing loan ratio, which is the ratio of loans classified as substandard, doubtful and loss, to the balance of gross loans, was 2.91%, 4.32% and 23.57% at December 31, 2009, 2008 and 2007, respectively. Our non-performing loan ratios at these dates may not fully reflect the actual changes in our asset quality due to our one-time disposals of non-performing loans that were not in our ordinary course of business. In 2008, as part of our financial restructuring, we disposed of non-performing assets in the aggregate amount of RMB815.7 billion, consisting of RMB217.3 billion in doubtful loans, RMB549.5 billion in loss loans and RMB48.9 billion in other impaired assets in each case at their book value and before allowance for impairment losses. These disposals were made at values higher than the net carrying value of those non-performing assets. See "Our History, Restructuring and Operational Reform—Financial Restructuring." In the absence of such disposals, our non-performing loan ratios at each of December 31, 2009 and 2008 would have been substantially higher. In the future, we do not expect to make similar government-sponsored disposals in such a large amount or on similar terms. As a result, our historical financial and asset quality data must be viewed in light of such disposals.

If we are unable to effectively maintain the quality of our loan portfolio, our financial condition and results of operations may be materially and adversely affected.

At December 31, 2009, our non-performing loan ratio was 2.91%, representing a decrease from 4.32% at December 31, 2008. Although our non-performing loan ratio experienced a continued decrease in recent years, we cannot assure you that we will be able to maintain or lower our current non-performing loan ratio in the future or that the quality of our existing or future loans and advances to customers will not deteriorate. In 2009, as a result of the PRC government's economic stimulus programs, many PRC banks, including us, have experienced a record high growth in their loan balances. This may adversely affect the quality of our loan portfolio. In addition, the quality of our loan portfolio may also deteriorate due to various other reasons, including factors beyond our control, such as restructuring of the PRC economy, a slowdown in the PRC or global economies due to the recent financial crisis, a relapse of the global credit crisis, adverse macroeconomic trends in China and other parts of the world and the occurrence of natural disasters, all of which could impair the ability of our borrowers to service their outstanding debt. The actual or perceived deterioration in creditworthiness of counterparties, declines in residential and commercial property prices, higher unemployment rates and reduced profitability of corporate borrowers may also cause our asset quality to deteriorate and may lead to significant increases in allowance made for impaired loans. If our non-performing loans or the allowance made for impaired loans increase in the future, the results of our operations and financial condition may be materially and adversely affected. In addition, the sustainability of our growth also depends largely on our ability to effectively manage our credit risk and maintain or improve the quality of our loan portfolio. We seek to continuously improve our credit risk management policies, procedures and systems. See "Risk Management—Credit Risk Management." However, we cannot assure you that our credit risk management policies, procedures and systems are effective or free from deficiency. Failure of our credit risk management policies, procedures and systems may result in an increase in our non-performing loans and adversely affect the quality of our loan portfolio.

Our allowance for impairment losses may not be sufficient to cover the actual losses on our loan portfolio in the future.

At December 31, 2009, our allowance for impairment losses on loans was RMB126.7 billion, the ratio of our allowance for impairment losses to total loans was 3.06% and the ratio of our allowance for impairment losses to non-performing loans was 105.37%. The allowance is based on our current assessment of, and expectations concerning, various factors affecting the quality of our loan portfolio. These factors include, among other things, our borrowers' financial condition, repayment ability and repayment intention, the realizable value of any collateral, the ability of the guarantors of our borrowers to fulfill their obligations and the implementation of our credit policies, as well as China's economy, macroeconomic policies, interest rates, exchange rates, and legal and regulatory environments. Many of these factors are beyond our control, and therefore our assessment and expectations on these factors may differ from future developments. The adequacy of our allowance for impairment losses depends on the reliable application of our risk assessment system to estimate these potential losses, as well as our ability to accurately collect, process and analyze the relevant statistical data. If our assessment of, and expectations concerning, the factors that affect the quality of our loan portfolio differ from actual developments, if our assessment results prove to be inaccurate, or if our application of the assessment systems or our ability to collect relevant statistical data proves to be insufficient, our allowance for impairment losses may not be adequate to cover our actual losses and we may need to make additional provisions for impairment losses, which may reduce our profit and therefore materially and adversely affect our asset quality, financial conditions and results of operations.

We have a concentration of loans to certain regions, industries and customers, and if the economies of these regions or these industries, or the financial conditions of these customers significantly deteriorate, our asset quality, financial condition and results of operations may be materially and adversely affected.

At December 31, 2009, 36.8% of our total loans and 50.7% of our non-performing loans originated in the Western, Central and Northeastern China. Although these regions may currently benefit economically from favorable governmental policies, any of these economic policies may change in the future and the implementation of such policies may not be as effective as we anticipate, nor can we control or influence the change of such policies in these regions. A significant economic downturn in any of these regions, or any inaccurate assessment or our failure in the management of the credit risks regarding borrowers who are located, or have substantial operations, in such regions, whether due to changes in governmental policies or otherwise, may materially and adversely affect our asset quality, financial condition and results of operations.

At December 31, 2009, our loans to China's (i) manufacturing, (ii) real estate, (iii) production and supply of power, gas and water, and (iv) transportation, logistics and postal services industries represented 29.9%, 14.4% , 13.9% and 10.2% of our total corporate loans outstanding, respectively. In addition, we are exposed to the real estate market in China through, in particular, residential mortgage loans and other loans secured by real property collateral. At December 31, 2009, our residential mortgage loans represented 63.1% of our domestic retail loans outstanding. Recently, the PRC government has imposed and may continue to impose macroeconomic control measures aimed at cooling down the real estate market. Such measures may adversely affect the growth and quality of our loans to the real estate industry and residential mortgage loans. A significant downturn in any industry in which our loans are highly concentrated may lead to a significant increase in non-performing loans, and may negatively affect the level of new lending or refinancing of existing loans to borrowers in that industry, which may materially and adversely affect our asset quality, financial condition and results of operations.

At December 31, 2009, our loans to our ten largest single borrowers totaled RMB98.9 billion, which represented 2.4% of our total loan portfolio and 22.5% of our regulatory capital. As of the same date, our loans to our ten largest group borrowers totaled RMB327.2 billion, which represented 7.9% of our total loan portfolio and 74.3% of our regulatory capital. Our loans to the ten largest single borrower were classified as performing and some of our loans to the ten largest group borrowers were classified as non-performing. If any of the performing loans to the ten largest single borrowers and group borrowers deteriorates or becomes non-performing or any of the non-performing loans to the ten largest group borrowers further deteriorates, our asset quality, financial condition and results of operations may be materially and adversely affected.

Furthermore, we also provide loans to SMEs and agriculture-related industries and customers. The loans to SMEs and agriculture-related industries and customers are, compared to our other loans, generally more vulnerable to the adverse impact of certain factors such as natural disasters and economic slowdown. We have adopted a number of measures to manage these risks, such as imposing stricter requirements on approving credit applications and charging higher interest rates, but we cannot assure you that these measures will effectively reduce or eliminate the risks relating to such industries or customers. If our loans to SMEs and agriculture-related industries and customers deteriorate, our asset quality, financial condition and results of operations may be materially and adversely affected.

The collateral or guarantees securing our loans may not be sufficient, and we may be unable to realize the full value of the collateral or guarantees in a timely manner or at all.

A significant portion of our loans is secured by collateral or guarantees. At December 31, 2009, 37.7% and 16.4% of our total loans were secured by mortgages and pledges, respectively, and 26.6% of our total loans were secured by guarantees.

The pledged collateral securing our loans include, among other things, bond or equity securities. The mortgages securing our loans primarily comprised real properties and other assets located in China. The value of the collateral securing our loans may significantly fluctuate or decline due to factors beyond our control, including macroeconomic factors affecting the economy of China. For example, a downturn in China's real estate market may result in a decline in the value of the real properties securing our loans to levels significantly below the outstanding principal and interest balances of such loans. Any decline in the value of such collateral may reduce the amounts we can recover from such collateral and increase our impairment losses.

Our policies require regular internal re-valuations of collateral. However, such policies may not be implemented in a timely manner and, as a result, we may not have updated valuation of such collateral, which may adversely affect the accuracy of the assessment of our loans secured by such collateral.

Some of guarantees securing our loans were provided by the borrowers' affiliates. Such loans and advances are generally not backed by collateral or security interests other than guarantees. A significant deterioration in the financial condition of a guarantor could significantly decrease the amounts we may recover under such guarantees. Moreover, we are subject to the risk that a court or other judicial or government authorities may declare a guarantee to be invalid or otherwise decline or fail to enforce such guarantees. 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.

In China, the procedures for liquidating or otherwise realizing the value of collateral in the form of non-monetary assets may be protracted and it may be difficult to enforce claims in respect of such collateral. As a result, it may be difficult and time-consuming for us to take control of or liquidate the collateral securing non-performing loans. For example, in accordance with the Directive on Foreclosure of Mortgage on Residential Properties issued by the PRC Supreme 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), effective from December 21, 2005, we cannot evict a borrower or his or her dependents from his or her principal residence during the six-month grace period after a court approves our petition to foreclose, nor can we auction off or otherwise liquidate such property. In addition, under certain circumstances, our rights to the collateral securing our loans may have lower priority than certain other rights. For example, according to the PRC Bankruptcy Law (中華人民共和國企業破產法), claims for the amount that a company in bankruptcy owed to its employees prior to August 27, 2006, including salaries, medical insurance claims and basic pension benefits, will have priority over our rights to the collateral, if not adequately provided for in accordance with liquidation proceedings.

Our inability to realize the full value of the collateral and guarantees securing our loans on a timely basis may materially and adversely affect our asset quality, financial condition or results of operations.

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

We classify our loans using a five-category loan classification system in accordance with the guidelines set forth by the PRC regulators. The five categories are normal, special mention, substandard, doubtful and loss. We assess our loans for impairment, determine a level of allowance for impairment losses and recognize any related provisions made in a year using the five-category classification system. We perform such assessment, determination and recognition using the concept of impairment under IAS 39. For our corporate loans classified as substandard or lower, we make an assessment on the impairment allowance on an individual loan basis. For our performing corporate loans and for all of our retail loans, we make a collective assessment based on our historical loan loss experience. Our loan classification and provisioning policies may be different in certain respects from those of banks incorporated in certain other countries or regions. As a result, our loan classification as well as our allowance for impairment losses may differ from those reported by international banks incorporated in those countries or regions.

If we do not maintain the growth of our loan portfolio, our business operations and financial condition may be materially and adversely affected.

Our loans to customers, net of loan loss allowance, have grown significantly in the past few years, increasing to RMB4,011.5 billion at December 31, 2009 from RMB2,709.2 billion at December 31, 2007, representing a CAGR of 21.7%. The growth of our loan portfolio may be affected by various factors, such as China's macroeconomic policies and capital constraints. The significant increase in our loan portfolio in the first half of 2009 was in part attributable to the moderately loose monetary policy and the implementation of the economic stimulus package of the PRC government. In the second half of 2009, the growth rate of our total loan portfolio began to slow down. In the future, the growth rate of our loan portfolio may continue to slow down, or our loan portfolio may not grow or even decline. In addition, in response to the constraints from the amount of our regulatory capital, we may adopt strategies to reduce our reliance on our loan portfolio and expand our activities in other businesses that require relatively lower capital. Any of the foregoing factors could impact the growth of our loan portfolio and thereby materially and adversely affect our business, business prospects, financial condition and results of operations.

Deteriorations in the debt repayment abilities of the government financing vehicles to which we extend loans may materially and adversely affect our asset quality, financial condition and results of operations.

Loans extended to government financing vehicles have been a part of the loan portfolio for China's commercial banks. According to the CBRC, government financing vehicles consist primarily of government-led vehicles and vehicles the shares of which are substantially owned by the government. These vehicles primarily engage in financing activities wholly or partially supported by the direct or indirect repayment commitments or direct or indirect guarantees from local governments and provide support to various infrastructure development and quasi-public interest government investment projects. We extend loans primarily to government financing vehicles in transportation and urban development as well as those vehicles relating to land reserve centers, economic development zones, industry parks or state asset management companies. Within China's administrative division system, the recipients of these loans generally rank at or above the district city level. We target our loans to government financing vehicles mainly to China' economically developed areas, including the Yangtze River Delta, Pearl River Delta and Bohai Rim regions. The majority of our loans to government financing vehicles are backed by mortgages, pledges or guarantees and have remaining maturities of five years or less. At December 31, 2009, the non-performing loan ratio for our loans to government financing vehicles was lower than our bank-wide average non-performing loan ratio. However, unfavorable developments in the macroeconomic condition, state policy changes or other reasons may adversely affect the debt repayments of these financing vehicles, which may in turn materially and adversely affect our asset quality, financial condition and results of operations. For our risk management measures relating to government financing vehicles, see "Risk Management—Credit Risk Management—Credit Risk for Corporate Loans."

RISKS RELATING TO OUR BUSINESS

We face certain risks relating to our recently implemented operational reform initiatives.

We continue to develop and implement a number of operational reform initiatives in an effort to become more competitive and customer-oriented, including those relating to re-engineering our business process and organizational structure. For example, (i) we revamped our corporate banking products and services, targeting growth in value-added products and services such as asset management, bancassurance and investment banking business; (ii) we have prioritized the development of our retail banking business, through implementing our operational reform of branch outlets, streamlining our business procedures and increasing our investments in our distribution channels and IT system; and (iii) we have focused on product innovations in order to achieve greater customer satisfaction. See “Business—Information Technology” and “Our History, Restructuring and Operational Reform—Operational Reform.”

Although our operational reform initiatives have contributed to our financial results in recent years, we may face certain risks relating to the implementation of these initiatives and we cannot assure you that we will be able to achieve the results we expect in the future due to a number of factors, including:

- we may not have sufficient experience or expertise to successfully manage and continue implementing these operational reform initiatives;
- we may not have sufficient and effective management systems and information technology system to support the implementation of these operational reform initiatives according to our contemplated schedule or at all; and
- changes in government policies or banking regulations may adversely affect the schedule for implementing, or our ability to implement, these operational reform initiatives.

If we do not successfully implement all or any of these reform initiatives or, if implemented, these initiatives do not achieve the intended benefits generally or within our schedule, our business, results of operations and financial condition may be adversely affected.

Moreover, these operational reform initiatives may expose us to additional risks. Accordingly, if we are unable to manage risks associated with our initiatives to transform our business, our business prospects, financial condition and results of operations could be adversely and materially affected.

Our focus on the growth of our County Area Banking Business and our related initiatives exposes us to increased risks that may materially and adversely affect our business.

The County Area Banking Business is an important component of our business. Our initiatives in the County Areas are designed to further increase the penetration of our products and services into these areas. Historically, the County Area banking business has generally presented relatively higher risks and relatively lower returns than the banking business in the Urban Areas. Our significant banking portfolio and initiatives in the County Areas expose us to higher risks, including: (i) risks that our provisions for impairment losses on loans may be higher than anticipated due to the limited financial capacity of our customers in the County Areas or otherwise; (ii) revenues from our County Area Banking Business may be lower than anticipated; (iii) if the actual development of the County Area banking market differs from our anticipation, we may not be able to derive the return as anticipated from our increased allocation of resources to our County Area Banking Business; (iv) natural disasters and global climate changes may adversely affect the business operation and financial condition of certain of our customers who may not be able to service their obligations owed to us; and (v) our extensive branch network in the vast County Areas may represent challenges to our operations. Our growing County Area Banking Business presents an increased challenge to our management skills, risk control capabilities and information technology systems.

In addition, many of our initiatives in respect of the County Area Banking Business are unprecedented, and we cannot assure you that such initiatives will be successful or achieve the results anticipated. For example, we are implementing a pilot program at eight selected tier-1 branches in Sichuan, Fujian and other provinces to set up a business division dedicated to our County Area Banking Business in the respective regions. This initiative is unprecedented in China and we may not be able to achieve the results anticipated or within our schedule. If any of our initiatives in respect of the County Area Banking Business fails or does not achieve the results anticipated, our County Area Banking Business, our overall business, results of operations and financial condition may be materially and adversely impacted.

Furthermore, certain governmental policies and guidelines relating to our County Area Banking Business impose constraints on our operations. For example, on April 23, 2009, the CBRC issued the Guideline to Agricultural Bank of China's County Area Banking Division Reform and Regulations (中國農業銀行三農金融事業部制改革與監管指引), or the Guideline, imposing requirements on our County Area Banking Business, including its organization structure, operation mechanism and performance review. See "Supervision and Regulation—Regulation of Principal Commercial Banking Activities—Supervision and Regulation of Agriculture-related Financial Services." Our efforts to comply with the requirements of the Guideline may affect our business strategies, as well as our ability to optimize our resource allocation and customer selection, which may adversely affect our profitability in the near- and medium-term. In addition, certain requirements of the Guideline are new and it may take time for us to comply. At December 31, 2009, the ratios of our assets and liabilities in our County Area Banking Business to our total assets and liabilities and our cost-to-income ratio in our County Area Banking Business did not meet the requirements of the Guideline. Although we have not been subject to any regulatory actions for such non-compliance, we cannot assure you that we will not be subject to any regulatory actions in the future for our past non-compliance. In addition, we cannot assure you that we will be able to meet all regulatory requirements relating to our County Area Banking Business, including the requirements of the Guideline, in the future due to changes of these requirements or otherwise, or that we will not be subject to sanctions as a result. If any of the above circumstances occurs, our reputation, business, results of operations and financial condition may be materially and adversely affected.

If we are not effective in implementing enhanced risk management and internal control policies and procedures and introducing certain information technology systems to assist with our risk management and internal control, our business and prospects may be materially and adversely affected.

We have in the past suffered from credit-quality problems, lapses in credit approval and control processes, internal control deficiencies and operational problems as a result of weaknesses in our risk management controls. See "Business—Legal and Regulatory—Regulatory Reviews and Proceedings—Findings of Regulatory Examinations," "Business—Legal and Regulatory—Reporting and Monitoring of Employee Non-compliance" and "Assets and Liabilities—Assets—Asset Quality of Our Loan Portfolio." We have significantly enhanced our risk management and internal control policies and procedures in recent years in an effort to improve our risk management capabilities and enhance our internal control. See "Risk Management—Risk Management Initiatives in Recent Years." However, we cannot assure you that our risk management and internal control policies and procedures will adequately control, or protect us against, all credit and other risks. Some of these risks are yet to be identified by us, unforeseeable or higher than what we originally expected or the historical level. In addition, given the short history of certain aspects of our risk management and internal control policies and procedures, we will require additional time to implement these policies and procedures and fully measure the impact of, and evaluate the compliance with, these policies and procedures. Moreover, our staff will require time to adjust to these policies and procedures and we cannot assure you that our employees will be able to consistently comply with or correctly apply these policies and procedures.

Our risk management capabilities are limited by the information, tools or technologies available to us. For example, we may not be able to effectively monitor credit risk due to limited information resources or tools. In recent years, we have introduced or refined certain risk management tools and systems to assist us in better managing our risks, including the internal credit rating system, the assets and liabilities management system, the internal funds transfer pricing system, the treasury trading and risk management system and CMS. These systems aim at enhancing our ability to use quantitative measures to manage our risks. However, our ability to operate such systems and to monitor and analyze the effectiveness of such systems is still subject to continuous testing. We are also still in the process of further developing information systems to manage certain aspects of risk management, such as automated systems for the collection of certain information relating to connected party transactions and group lending. Also see "—Our business is highly dependent on the proper functioning and improvement of our information technology systems."

If we are not effective in improving our risk management and internal control policies, procedures and systems, or if the intended results of such policies, procedures or systems are not achieved in a timely manner, our asset quality, business, financial condition and results of operations may be materially and adversely affected.

Our expanding range of products, services and business activities exposes us to new risks.

We have been increasing our product development efforts and have been expanding the range of our products and services to meet the needs of our customers and to enhance our competitiveness. For example, we rolled out a number of loan products for small businesses, such as "Easy Loans" ("簡式快速貸款") and "Self-Service Revolving Credit Facilities" ("自助可循環貸款"), and commenced settlement services in Renminbi for cross-border trades in 2009. Expansion of our business activities exposes us to a number of risks and challenges, including:

- insufficient experience or expertise in certain new products and services, which may prevent us from effectively competing in these areas;
- imitation of our new products and services by our competitors;
- failure of our new products and services to be accepted by our customers or meet our expected targets;
- inability to hire additional qualified personnel or to hire personnel on commercially reasonable terms;
- insufficient financial, operational, management and other human resources to support our expanded range of products and services;
- inability to obtain regulatory approvals for our new products or services; and
- unsuccessful attempts to enhance our risk management and internal control capabilities and information technology systems to support a broader range of products and services.

If we are not able to successfully expand into or grow new products, services and related business areas due to these risks or to achieve the intended results with respect to our new products and services, our business, financial condition and results of operations may be materially and adversely affected.

We may face difficulties in meeting regulatory requirements relating to capital adequacy.

We are required by the PRC Commercial Banking Law and the rules promulgated by the CBRC to maintain a minimum core capital adequacy ratio of 4% and a minimum capital adequacy ratio of 8%. Although our capital adequacy ratio and core capital adequacy ratio at December 31, 2007 were below regulatory requirements, no sanctions were imposed on us for our failure to meet the regulatory requirements. In 2008, we underwent financial restructuring and our capital adequacy ratio improved. At December 31, 2009 and 2008, our consolidated core capital adequacy ratios were 7.74% and 8.04% and our consolidated capital adequacy ratios were 10.07% and 9.41%, respectively. Although these capital adequacy ratios were in compliance with the applicable PRC requirements, certain developments could affect our ability to satisfy applicable capital adequacy requirements in the future, including:

- losses resulting from a deterioration in our asset quality;
- an increase in our risk-weighted assets as a result of the rapid expansion of our business;
- an increase in the minimum capital adequacy requirements by the banking regulators;
- changes in the CBRC rules or guidelines regarding the calculation of the capital adequacy ratios of commercial banks;
- a decline in the value of our investments resulting in the decline of our capital base; and
- a decline in our net profits and thus decreases in our retained earnings.

We may also be required to raise additional core or supplementary capital in the future by issuing equity securities and subordinated debt in order to maintain our capital adequacy ratios above the minimum required level. Any equity securities issued by us will dilute the existing interests of our shareholders. In addition, our ability to raise additional capital may be limited by numerous factors, including:

- our future financial condition, results of operations and cash flows;
- any government regulatory approvals;
- our credit rating;
- general market conditions for capital-raising activities, in particular by commercial banks and other financial institutions; and
- economic, political and other conditions in and outside of China.

If we require additional capital in the future or if any of such factors experiences adverse developments, we cannot assure you that we will be able to obtain such capital on commercially reasonable terms in a timely manner, or at all.

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. In recent years, the CBRC has issued several regulations and guidelines governing capital adequacy requirements applicable to commercial banks in China. In February 2007, the CBRC announced a plan to start implementing Basel II by the end of 2010, or upon the CBRC's approval, no later than the end of 2013, to assess the capital adequacy of large commercial banks with operations in other jurisdictions and significant international business as well as commercial banks which elect to comply with Basel II. We have applied to the CBRC for the implementation of Basel II with respect to our capital adequacy starting as of the year end of 2010. The methodologies used in computation of our capital adequacy ratios under Basel II differ from our current practice. Such differences primarily include: (i) we currently assign credit risk weightings to our assets pursuant to the New Capital Adequacy Regulations, while under Basel II we will be required to develop our own internal rating system in measuring credit risk of our assets; (ii) we currently make capital charges for market risk pursuant to the New Capital Adequacy Regulations, while under Basel II we will be required to develop our own internal model to determine capital charges for market risk; (iii) we currently do not make capital charges for our operational risk, while under Basel II we will be required to make such charges and (iv) we currently adopt the definition of regulatory capital pursuant to the New Capital Adequacy Regulations, while under Basel II this definition will be different. Although we meet the currently applicable capital adequacy ratio requirements, we may not be able to meet the requirements in the future because the computation of the new capital adequacy ratio pursuant to the methodologies under Basel II may be different.

In addition, pursuant to a notice issued by the CBRC in October 2009, major commercial banks, including us, are required to fully deduct, from their supplementary capital, any long-term subordinated debt issued by other banking institutions which they acquire after July 1, 2009 in computing capital adequacy ratios, and the amount of the long-term subordinated debt that a major commercial bank may issue may not exceed 25% of its core capital. This notice also requires a major commercial bank to maintain a core capital adequacy ratio of no less than 7% if it seeks to issue long-term subordinated debt after this notice became effective. Although the notice does not affect our ability to meet the applicable capital adequacy requirements at present, our capital adequacy ratios could thereby be adversely affected and we may not be able to meet the applicable capital adequacy requirements in the future.

If we fail to meet the applicable capital adequacy requirements, the CBRC may take corrective actions, including, for example, restricting the growth of our loans and other assets, restricting our ability to issue subordinated debt to improve our capital adequacy ratio, declining to approve our application to introduce a new service or restricting our declaration or distribution of dividends. These measures could materially and adversely affect our reputation, financial condition and results of operations.

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

Fraud and other misconduct by employees or third parties may be difficult to detect and prevent and could subject us to financial losses and sanctions imposed by governmental authorities as well as seriously harm our reputation. Types of misconduct by our employees in the past have included, among other things: improper extension of credit; unauthorized business transactions; business process in breach of our internal policies and procedures; inappropriate accounting treatment; theft; embezzlement or misappropriation of customer funds; fraud; and taking bribes. See "Business—Legal and Regulatory."

Types of possible misconduct by third parties against us may include, among other things, fraud, theft and robbery. The types and incidents of fraud and other misconduct by employees or third parties against us may go beyond those detected in the past. In addition, our employees may commit errors or take improper actions that could subject us to financial claims as well as regulatory actions. As of December 31, 2009, we had 23,624 domestic branch outlets, with a total of 441,144 employees. We cannot assure you that all of our employees will comply with our risk management and internal control policies and procedures. Although we have increased our efforts to detect and prevent employee and third-party fraud or other misconduct, it is not always possible to detect or prevent such activities, and the precautions we take may not be effective in all cases. We cannot assure you that fraud or other misconduct, whether involving past acts that have gone undetected or future acts, will not have a material adverse effect on our reputation, results of operations and business prospects.

We or our customers may engage in certain transactions in or with countries or persons that are the subject of U.S. and other sanctions.

U.S. law generally prohibits U.S. persons from directly or indirectly investing or otherwise doing business in or with certain countries (such as Iran, Cuba, the Sudan and others) and with certain persons or businesses that have been specially designated by the OFAC or other U.S. government agencies. Other governments and international or regional organizations also administer similar economic sanctions.

We provide trade settlement and other services to customers doing business with, or located in, countries to which certain OFAC-administered and other sanctions apply, such as North Korea. While we do not believe that we are in violation of any applicable sanctions, if it were determined that transactions in which we participate violate U.S. or other sanctions, we could be subject to U.S. or other penalties, and our reputation and future business prospects in the United States or with U.S. persons, or in other jurisdictions, could be adversely affected. Further, U.S. investors in the Global Offering could incur reputational or other risks as the result of our and our customers' dealings in or with countries or with persons that are the subject of U.S. sanctions.

If we fail to maintain the growth rate in our customer deposits or if there is a significant decrease in customer deposits, our business operations and liquidity may be materially and adversely affected.

Customer deposits are our primary source of funding. From December 31, 2007 to December 31, 2009, our total deposits grew from RMB5,287.2 billion to RMB7,497.6 billion, and our domestic retail deposits grew from RMB2,981.4 billion to RMB4,365.4 billion. However, many factors affect the growth of deposits, some of which are beyond our control, such as economic and political conditions, availability of investment alternatives and retail customers' changing perceptions toward savings. For example, with the continuing development of China's capital markets, our customers may reduce their deposits and increase their investment in securities for a higher return.

In addition, at December 31, 2009, 72.2% of our total customer deposits had remaining maturities of three months or less, or were payable on demand. At December 31, 2009, 83.3% of our loans (net of allowance for impairment losses) had remaining maturities of more than three months. There is a mismatch between the maturities of our liabilities and the maturities of our assets. In our experience, in part due to the lack of alternative investment products in China and the general Chinese consumer preference for saving for future needs, our short-term customer deposits have generally not been withdrawn upon maturity and have thus represented a stable source of funding. However, we cannot assure you that this will continue to be the case, especially given the continued development of China's capital markets and customers' increased appetite for various wealth management and insurance products.

If we fail to maintain the growth rate in our deposits or if a substantial portion of our depositors withdraw their deposits or do not roll over their time deposits upon maturity, our liquidity position, financial condition and results of operations may be materially and adversely affected. In such event, we may need to seek more expensive sources of funding and we cannot assure you that we will be able to obtain additional funding on commercially reasonable terms as and when required. Our ability to raise additional funds may be impaired by factors over which we have little or no control, such as deteriorating market conditions, severe disruptions in the financial markets, or negative outlooks for the industries to which we have significant credit exposure.

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

We depend on our information technology systems to process our transactions on an accurate and timely basis, and to store and process our business and operating data. The proper functioning of our financial control, risk management, credit analysis and reporting, accounting, customer service and other information technology systems, as well as the communication networks between our branches and our main data processing centers, is critical to our business and our ability to compete effectively. Our disaster recovering testing center in Beijing provides backup for our Shanghai data center and could be used in the event of a catastrophe or a failure of our core production system. We are in the process of establishing a backup data center in Beijing, which is designed to further enhance our backup and disaster recovery capabilities. We have also established alternative communication networks where available. However, our business activities would be materially disrupted if there is a partial or complete failure of any of our information technology systems or communication networks. Such failure can be caused by a variety of reasons, including natural disasters, extended power outages, breakdown of key hardware systems and computer viruses. The proper functioning of our information technology systems also depends on accurate and reliable data input and other sub-system installation, which are subject to human errors. Any failure or delay in recording or processing our transaction data could subject us to claims for losses and regulatory fines and penalties.

In particular, the secure transmission of confidential information is critical to our operations. Our networks and systems may be vulnerable to unauthorized access and other security problems. We cannot assure you that our existing security measures will prevent unforeseeable security breaches, including break-ins and viruses, or other disruptions such as those caused by defects in hardware or software and errors or misconduct of operators. Persons that circumvent our security measures could use our or our clients' confidential information wrongfully. Any material security breach or other disruptions could expose us to risk of loss and regulatory actions and harm our reputation.

Our competitiveness will to some extent depend on our ability to upgrade our information technology systems on a timely and cost-effective basis. In addition, the information available to and received by us through our existing information technology systems may not be timely or sufficient for us to manage risks and prepare for, and respond to, market changes and other developments in our current operating environment. Any substantial failure to improve or upgrade our information technology systems effectively or on a timely basis could materially and adversely affect our competitiveness, results of operations and financial condition.

We are subject to credit risk with respect to certain off-balance sheet commitments.

In the normal course of our business, we make commitments which, under applicable accounting principles, are not reflected as liabilities on our balance sheet, including bank acceptances, loan commitments, guarantees and letters of credit to guarantee the performance of our customers. See "Financial Information—Off-balance Sheet Commitments." We are subject to credit risk on our off-balance sheet commitments because these commitments may need to be fulfilled by us in certain circumstances. If we are unable to recover payment from our customers in respect of the commitments that we are called upon to fulfill, our financial condition and results of operations could be adversely affected.

We do not possess the relevant land use right certificates or building ownership certificates for some of our properties, and we may be required to seek alternative premises for some of our offices or business sites due to our landlords' lack of relevant title certificates.

At March 31, 2010, we held 37,564 properties with an aggregate gross floor area of approximately 30,448,180 square meters in the PRC. There were 1,747 properties with an aggregate gross floor area of approximately 1,704,104 square meters with respect to which we did not have the relevant land use right certificates or building ownership certificates. As for the rest of the 35,817 properties, there were 625 properties with an aggregate gross floor area of approximately 748,782 square meters with respect to which we have the building ownership certificates and have the allocated land use rights certificates or the approval of state-capital-injection land use rights ("作價出資土地使用權," *i.e.*, the land use right granted by the PRC government to a company as equity contribution in exchange for shares of such company in connection with its incorporation as a joint stock company). We are in the process of applying for the relevant land use rights and building ownership certificates that we do not yet hold, and we plan to cooperate closely with the local land and property management authorities to expedite such applications. We have taken steps to rectify certain title defects. However, we may not be able to obtain certificates for all of these properties due to title defects or for other reasons. We cannot assure you that our ownership rights would not be adversely affected in respect of properties for which we were unable to obtain the relevant title certificates. If we were forced to relocate any of the operations we conduct on the affected properties, we may incur additional costs as a result of such relocation.

In addition, at March 31, 2010, we leased approximately 8,160 properties with an aggregate lettable area of approximately 2,171,146 square meters in China, primarily as business premises for our branches and sub-branches. Among these properties, 4,761 properties with an aggregate lettable area of approximately 1,147,122 square meters were leased from lessors who were not able to provide the title certificates or documents evidencing the authorization or consent of the owners of such properties. As a result, our leases may be invalid. 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 is terminated as a result of challenges by third parties or if we fail to renew them upon expiration, we may be forced to relocate affected branches and sub-branches and incur additional costs associated therewith, and our business, financial condition and results of operations may be adversely affected.

We are subject to various PRC and overseas regulatory requirements, and our failure to fully comply with such requirements, if any, could materially and adversely affect our business, reputation, financial condition and results of operations.

We are subject to the regulatory requirements and guidelines set forth by the PRC regulatory authorities. Our overseas branches, subsidiaries and representative offices are subject to local laws and regulations as well as to the local regulatory authorities.

The PRC regulatory authorities include the MOF, PBOC, CBRC, CSRC, CIRC, SAT, NAO, SAIC and SAFE. These regulatory authorities carry out periodic supervision and spot checks of our compliance with the laws, regulations and guidelines.

We are subject to various PRC and overseas regulatory requirements, and the PRC and overseas regulatory authorities conduct periodic inspections, examinations and inquiries in respect of our compliance with such requirements. On occasion we have failed to meet certain requirements and guidelines set by the PRC regulatory authorities, or we were found to have violated certain regulations. For example, at December 31, 2009, the amount of our total credit exposure to our largest single group borrower accounted for 25.8% of our regulatory capital, exceeding the regulatory limit of 15%. In addition, we have in the past been subject to fines and other penalties for cases of our non-compliance. See "Business—Legal and Regulatory." We cannot assure you that we will be able to meet all the applicable regulatory requirements and guidelines, or comply with all the applicable regulations at all times, or that we will not be subject to sanctions, fines or other penalties in the future as a result of non-compliance. If sanctions, fines and other penalties are imposed on us for failing to comply with applicable requirements, guidelines or regulations, our business, reputation, financial condition and results of operations may 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, which could expose us to additional liability and harm our business or reputation.

We are required to comply with applicable anti-money-laundering and anti-terrorism laws and other regulations in the PRC, Hong Kong, Singapore and other jurisdictions where we have operations. These laws and regulations require us, among other things, to adopt and enforce "know-your-customer" policies and procedures and to report suspicious and large transactions to the applicable regulatory authorities in different jurisdictions. We have in the past been subject to administrative fines and penalties imposed by regulatory agencies in the PRC for, among other things, incidences of non-compliance with the PRC anti-money-laundering rules, including, for example, failure to report large or suspicious transactions. While we have adopted policies and procedures aimed at detecting and preventing the use of our banking networks for money-laundering activities and by terrorists and terrorist-related organizations and individuals generally, such policies and procedures may not completely eliminate instances where we may be used by other parties to engage in money-laundering and other illegal or improper activities due to, in part, the short history of these policies and procedures. To the extent we may fail to fully comply with applicable laws and regulations, the relevant government agencies to whom we report have the power and authority to impose fines and other penalties on us. In addition, our business and reputation could suffer if customers use our bank for money-laundering or illegal or improper purposes.

The uncertainties in the global economy, the global financial market and, in particular, in China could materially and adversely affect our financial condition and results of operations.

Since July 2007, significant adverse developments in the U.S. sub-prime mortgage sector have created significant disruption and volatility in financial markets globally. The ensuing contraction of liquidity, diminished credit availability, deteriorations in asset values, increase in bankruptcies, rising unemployment rates and declining consumer and business confidence caused an overall slowdown in the global economy. Beginning in the second half of 2008 up to mid-2009, the world's largest economies, including the United States, Europe and Japan, were widely considered to be in the midst of significant economic recessions, and major emerging economies such as China and India also faced a substantial slowdown in their economic growth. According to the statistics released by the PRC government, the growth rate of China's GDP decreased to 8.7% in 2009 from 9.6% in 2008.

Uncertainties in the global and China's economies may adversely affect our financial condition and results of operations in many ways, including, among other things:

- During a period of economic slowdown, there is a greater likelihood that more of our customers or counterparties could become delinquent in respect of their loan repayments or other obligations to us, which, in turn, could result in a higher level of non-performing loans, allowance for impairment losses and write-offs, all of which would adversely affect our results of operations and financial condition;
- The increased regulation and supervision of the financial services industry in response to the financial crisis in certain jurisdictions where we operate may restrict our business flexibility and increase our compliance costs, which may adversely affect our business operations;
- The value of our investments in the debt securities issued by overseas governments and financial institutions may significantly decline, which may adversely affect our financial condition;
- Our ability to raise additional capital on favorable terms, or at all, could be adversely affected; and
- Trade and capital flows may further contract as a result of protectionist measures being introduced in certain markets, which could cause a further slowdown in economies and adversely affect our business prospects.

We suffered an adverse impact from the global credit crisis and the global financial crisis. In 2007 and 2008, we made provisions of approximately RMB9.4 billion and RMB10.0 billion, respectively, for impairment losses on investments, primarily attributable to impairment losses on our investments in certain foreign currency-denominated debt instruments issued by foreign financial institutions, which were backed by Alt-A and sub-prime mortgages. At December 31, 2009, the balance of our investments in certain foreign currency-denominated debt instruments issued by foreign financial institutions which were backed by Alt-A, sub-prime mortgages and CDOs amounted to RMB294 million, RMB14 million and RMB2,154 million, respectively, and the allowance for impairment losses on such debt instruments represented 100%, 100% and 39%, respectively, of these instruments.

We cannot assure you that China's economy or the global economy will maintain sustainable growth. If further economic downturn occurs or continues, our business, results of operations and financial condition could be materially and adversely affected.

We may be involved in legal and other disputes from time to time arising out of our operations and may face potential liabilities as a result.

We are often involved in legal and other disputes for a variety of reasons, which generally arise because we seek to recover outstanding amounts from borrowers or because customers or other claimants bring actions against us. The majority of these cases arise in the ordinary course of our business. Where we assess that there is a probable risk of loss, it is our policy to make provisions for the loss. We have made provisions with respect to pending legal proceedings and other disputes against us. See "Business—Legal and Regulatory" and Note VI.36(3) to our consolidated financial statements included in the Accountants' Report in Appendix I to this prospectus. However, we cannot guarantee that the judgments in any of the litigation in which we are involved would be favorable to us or that our litigation provisions are adequate to cover our losses arising from legal proceedings or other disputes. In addition, if our assessment of the risk changes, our view on provisions will also change. We expect that we will continue to be involved in various legal and other disputes in the future, which may subject us to additional risks and losses. For example, although as a result of our financial restructuring, we no longer bear the economic risks associated with the non-performing assets in the aggregate amount of RMB815.7 billion disposed of in 2008, we nevertheless may be involved in legal disputes arising out of such disposals because we manage these non-performing assets under the entrustment of the MOF following their purchase of such non-performing assets from us. These disputes may relate to, among others, the amount of the unpaid obligations of the relevant borrowers, the terms for such borrowers to perform their obligations and the application of statute of limitations. In addition, we may have to advance legal costs associated with such disputes, including fees relating to appraisal, notarization, auction, execution and counsel's legal services. These and other disputes may lead to legal, administrative or other proceedings and may result in damage to our reputation, additional operational costs and a diversion of resources and management's attention from our core business operations. We cannot assure you that the outcome of future or current disputes or proceedings will not materially and adversely affect our business, reputation, financial condition and results of operations.

We are subject to counterparty risks in our derivative transactions.

We act primarily as an intermediary in domestic and international foreign exchange and derivative markets, and we currently have foreign currency forward and swap arrangements and interest rate swap arrangements with a number of domestic and international banks, other financial institutions and other entities. While we believe that the overall credit quality of our counterparties is satisfactory, we cannot assure you that our counterparties with significant exposures will not face difficulty in paying the amounts on derivative contracts when due, which may result in financial losses to us.

We may not continue to enjoy certain favorable PRC governmental policies.

We currently enjoy certain favorable PRC governmental policies, any of which may be discontinued in the future. Some of the policies from which we currently benefit subject us to periodic eligibility review. For example, we began receiving certain economic incentives for our participation in a pilot program sponsored by the MOF for promoting agriculture-related loans in eight provinces or regions in China, such as Heilongjiang Province. We are not sure how long the pilot program will last and we cannot assure you that we will be able to continue to receive any such economic incentive when the pilot program ends. Between 2008 and 2010, we are permitted to deduct from our taxable income a certain percentage of allowance for impairment losses relating to agriculture-related loans and loans to SMEs. However, we may not be able to continue to receive such tax benefits after 2010. In addition, we were granted certain non-recurring tax exemptions by the PRC government in 2008 as part of our financial restructuring. See “Financial Information—Results of Operations for the Years Ended December 31, 2009, 2008 and 2007—Income Tax.” If we are unable to continue to benefit from some or all of the governmental policies under which we currently receive favorable treatment, our business, results of operations and financial condition may be adversely affected.

Our major shareholders have the ability to exercise significant influence over us.

Our major shareholders, the MOF and Huijin, will own approximately 40.20% and 40.93%, respectively, of our outstanding shares immediately following the completion of the A Share Offering and the Global Offering, assuming that neither of the over-allotment options for the A Share Offering and the Global Offering is exercised. In accordance with our Articles of Association and applicable laws and regulations, the MOF and Huijin will have the ability to exercise a controlling influence over our business, including matters relating to:

- the timing and amount of the distribution of dividends;
- the issuance of new securities;
- the election of our directors and supervisors;
- our business strategies and policies;
- any plans relating to mergers, acquisitions, joint ventures, investments or divestitures; and
- amendments to our Articles of Association.

The interests of the MOF and Huijin may conflict with our interests or those of our other shareholders. In addition, since the MOF is a ministry of the State Council and Huijin is a wholly state-owned limited liability company formed under the PRC law, they have strong interests in the successful implementation of the economic or fiscal policies enacted by the PRC government, which policies may not be in our best interest or in the best interest of our other shareholders.

We have expanded our business in jurisdictions other than the PRC, which has increased the complexity of the risks that we face.

In recent years, we have taken actions to expand our operations outside mainland China. As of March 31, 2010, we had two branches in Hong Kong and Singapore, and opened representative offices in New York, London, Tokyo, Frankfurt, Seoul and Sydney. We plan to upgrade several of these representative offices to branches.

Our expansion into multiple jurisdictions outside mainland China exposes us to a new variety of regulatory and business challenges and risks and has increased the complexity of our risks in a number of areas, including currency risk, interest rate risk, regulatory and compliance risk, reputational risk and operational risk. Adverse market conditions in these overseas jurisdictions may result in mark-to-market and realized losses on the investment assets held by our overseas branches and increase their cost of funding. Furthermore, despite our best efforts to comply with all applicable regulations in all the jurisdictions in which we operate, there may be incidences of our failure to comply with the regulations in certain jurisdictions. Overseas regulators may bring administrative or judicial proceedings against us or our employees, representatives, agents and third party service providers, which could result, among other things, in suspension or revocation of one or more of our licenses, cease and desist orders, fines, civil penalties, criminal penalties or other disciplinary actions. In addition, the regulatory changes in various jurisdictions, including those in which we have or plan to have operations could have an adverse impact on our growth, capital adequacy and profitability. If we are unable to manage the risks resulting from our expansion outside mainland China, our business, reputation, financial condition and results of operations may be adversely affected.

RISKS RELATING TO THE BANKING INDUSTRY IN CHINA

We face intense competition in China's banking industry as well as competition from alternative corporate financing and investment channels.

We are facing competition from other commercial banks and financial institutions in both the Urban Areas and the County Areas. We compete primarily with the other Large Commercial Banks, Other National Commercial Banks, city commercial banks and foreign banks in China. Certain of these banks may have more established presence in certain areas and more financial, management and technology resources than we do. In the County Areas, we compete primarily with the other Large Commercial Banks, rural credit cooperatives and Postal Savings Bank of China. Certain of these banks may have more simplified management structures and procedures in certain regions and areas. In recent years, the PRC government has gradually lowered the threshold for financial institutions to conduct business in the County Areas and strengthened the relevant financial and tax support, which, while we believe will promote the development of the County Area financial market, will further intensify the competition among financial institutions in the County Areas.

Additionally, following the removal of regulatory restrictions on their geographical presence, customer base and operating license in China in December 2006 as part of China's WTO accession commitments, we have experienced increased competition from foreign-invested commercial banks. Recently, a number of well-known foreign banks have expanded their presence in the County Areas. Furthermore, the Mainland and Hong Kong Closer Economic Partnership Arrangement as well as the Mainland and Macau Closer Economic Partnership Arrangement, which permit smaller Hong Kong and Macau banks to operate in China, have also increased competition in China's banking industry.

Moreover, the PRC government has, in recent years, implemented a series of measures designed to further liberalize the banking industry, including, among others, with respect to interest rates and non-interest-based products and services, which are changing the basis on which we compete with other banks for customers.

We compete with many of our competitors for substantially the same loan, deposit and fee customers. Such competition may adversely affect our business and future prospects by, for example:

- reducing our market share in our principal products and services;
- slowing down the growth of our loan or deposit portfolios and other products and services;
- decreasing our interest income or increasing our interest expenses, thereby reducing our net interest income;
- reducing our fee and commission income;
- increasing our non-interest expenses, such as marketing expenses;
- adversely affecting our asset quality; and
- increasing competition for senior management and qualified professional personnel.

We may also face competition from direct corporate financing, such as the issuance of securities in the domestic and international capital markets. The domestic securities markets have experienced, and are expected to continue to experience, expansion and growth. If a substantial number of our customers choose alternative financing to fund their capital needs, our interest income, financial condition and results of operations may be adversely affected.

Moreover, we may face competition from other forms of investment alternatives as the PRC capital markets continue to develop. As the PRC stock and bond market continues to develop and become a more viable and attractive investment alternative, our deposit customers may elect to transfer their funds into equity investments and bonds, which may reduce our deposit base 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 future prospects may be materially and adversely affected by regulatory changes or other governmental policies, including their interpretation and application.

Our business and operations are directly affected by changes in China's policies, laws and regulations relating to the banking industry, such as those affecting the extent to which we can engage in specific businesses, as well as changes in other governmental policies. Since its establishment as the primary banking industry regulator assuming the majority of the bank regulatory functions from the PBOC in 2003, the CBRC has promulgated a series of banking regulations and guidelines. The banking regulatory regime in China is currently undergoing significant changes, most of which are applicable to us and may result in additional costs or restrictions on our activities. There can be no assurance that the policies, laws and regulations governing the banking industry will not change in the future or that any such changes will not materially and adversely affect our business, financial condition and results of operations nor can we assure you that we will be able to adapt to all such changes on a timely basis. In addition, there may be uncertainties regarding the interpretation and application of new policies, laws and regulations. Failure to comply with the applicable policies, laws and regulations may result in fines and restrictions on our activities, which could also have a significant impact on our business, financial condition and results of operation.

We are subject to changes in interest rates and other market risks, and our ability to hedge market risks is limited.

As with most commercial banks, our results of operations depend to a great extent on our net interest income. For the years ended December 31, 2009, 2008 and 2007, our net interest income represented 81.2% , 93.5% and 89.5%, respectively, of our operating income. Interest rates in China historically were highly regulated but have been gradually liberalized in recent years. Under current PBOC regulations, commercial banks in China cannot set interest rates (i) below 90% of the relevant PBOC benchmark rate for RMB-denominated loans (for RMB-denominated residential mortgage loans, since October 27, 2008, the interest rates cannot be set below 70% of the relevant PBOC benchmark rate) or (ii) above the relevant PBOC benchmark rate for RMB-denominated deposits. The PBOC may further liberalize the existing interest rate restrictions on RMB-denominated loans and deposits. If the existing regulations were substantially liberalized or eliminated, competition in China's banking industry would likely intensify as China's commercial banks seek to offer more attractive rates to customers. Further liberalization by the PBOC would result in the narrowing of the spread in the average interest rates between RMB-denominated loans and RMB-denominated deposits, thereby materially and adversely affecting 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 pricing mechanism to enable us to effectively respond to the further liberalization of interest rates.

In recent years, the PBOC has adjusted the benchmark rates several times, including the consecutive interest rate cuts by the PBOC in the second half of 2008 in response to the global financial crisis and economic downturn. Any adjustments by the PBOC in the benchmark interest rates on loans or deposits or changes in market interest rates may adversely affect our financial condition and results of operations in different ways. For example, changes in the PBOC benchmark interest rates could affect the average yield on our interest-earning assets differently from the average cost on our interest-bearing liabilities and therefore may narrow our net interest margin, leading to a reduction in our net interest income, which may materially and adversely affect our results of operations and financial condition. As a result of the accumulated impact of the consecutive interest rate cuts by the PBOC in the second half of 2008, our net interest income decreased by 9.2% to RMB181.6 billion in 2009 compared to RMB200.0 billion in 2008 and our net interest margin decreased to 2.28% in 2009 compared to 3.13% in 2008. See "Financial Information—Results of Operations for the Years Ended December 31, 2009, 2008 and 2007—Net Interest Income." In addition, an increase in interest rates may result in increases in the finance costs of our customers and thus reduce overall demand for loans, and, accordingly, adversely affect the growth of our loan portfolio, as well as increase the risk of customer default. As a result, changes in interest rates may adversely affect our net interest income, financial condition and results of operations.

We also undertake trading and investment activities involving certain financial instruments both in China and abroad. Our income from these activities is subject to volatilities caused by, among other things, changes in interest rates and foreign currency exchange rates. For example, increases in interest rates generally have an adverse effect on the value of our fixed rate securities portfolio, which may materially and adversely affect our results of operations and financial condition. Furthermore, as the derivatives market has yet to mature in China, there are limited risk management tools available to enable us to reduce market risks.

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

We expect the banking industry in China to continue to grow as a result of anticipated growth in China's economy, increases in household income, further social welfare reforms, demographic changes and the opening of China's banking industry to foreign participants. However, it is not clear how certain trends and events, such as the pace of China's economic growth, China's implementation of its commitment to WTO accession, the development of the domestic capital and insurance markets and the ongoing reform of the social welfare system will affect China's banking industry. In addition, there can be no assurance that the banking industry in China is free from systemic risks. Consequently, there can be no assurance that the growth and development of China's banking industry will be sustainable.

Future amendments to IAS 39 and interpretive guidance on its application may require us to change our provisioning practice.

We assess our loans and investment assets for impairment under IAS 39, as amended from time to time. The International Accounting Standards Board, or IASB, which has the responsibility for developing and revising accounting standards under IFRS, issued an exposure draft in November 2009 on amortized cost and impairment which, if adopted, will become effective on January 1, 2013 and result in the replacement of the incurred loss model under IAS 39 with an expected loss model. In addition, IFRIC and other relevant accounting standard-setting bodies and regulators have been asked by their constituents to consider providing interpretive guidance relating to the application of IAS 39. Any future amendments to IAS 39 and interpretive guidance on the application of IAS 39 may require us to change our current provisioning practice and may, as a result, materially affect our financial condition and results of operations.

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

The information infrastructure in China is relatively undeveloped. PRC national individual and corporate credit information databases developed by the PBOC commenced operation in 2006. However, due to their short operational history, they can only provide limited information. Therefore, our assessment of the credit risk associated with a particular customer may not be based on complete, accurate or reliable information. Until these nationwide credit information databases become more fully developed, we have to rely on other publicly available resources and our internal resources, which are not as extensive nor as effective as a unified nationwide credit information system. As a result, our ability to effectively manage our credit risk and in turn, our asset quality, financial condition and results of operations may be materially and adversely affected.

Certain PRC regulations limit our ability to diversify our investments, and as a result, a decrease in the value of a particular type of investment may have a material adverse effect on our financial condition and results of operations.

As a result of current PRC regulatory restrictions, substantially all of our RMB-denominated investment assets are concentrated in a limited variety of investments permitted for PRC commercial banks, such as debt securities issued by the MOF, the PBOC, PRC policy banks and PRC commercial banks, commercial paper issued by qualified domestic corporations and domestic corporate bonds. These restrictions on our ability to diversify our investment portfolio limit our ability to seek returns on our investments. If the value of our certain investments decreases, we may be exposed to greater losses given these regulatory restrictions. In addition, our ability to manage RMB-denominated investment assets is limited due to the limited availability of RMB-denominated hedging instruments. A decrease in the value of any of our RMB-denominated financial assets could have a material adverse effect on 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 China, its national or County Area economies or its banking industry.

Facts, forecasts and statistics in this prospectus relating to China, its national or County Area economies and financial conditions and its banking industry, including our market share information, are derived from various sources which are generally believed to be reliable. However, we cannot guarantee the quality and reliability of such sources. In addition, these facts, forecasts and statistics have not been independently verified by us and may not be consistent with the information available from other sources, and may not be complete or up to date. We have taken reasonable caution in reproducing or extracting the information from such sources. However, because of potentially flawed methodologies, discrepancies in market practice and other problems, these facts, forecasts and other statistics may be inaccurate or may not be comparable from period to period or to facts, forecasts or statistics of other economies.

Investments in commercial banks in China are subject to ownership restrictions that may adversely affect the value of your investments.

Investments in commercial banks in China 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 China. If a shareholder of a commercial bank in China increases its shareholding above the 5% threshold without obtaining the CBRC's prior approval, the shareholder will be subject to CBRC's sanctions, which include, among other things, correction of such misconduct, fines and confiscation of related earnings. In addition, under the PRC Company Law, we may not extend any loans that use our shares as collateral. Furthermore, according to our Articles of Association, any shareholder who owns 3% or more of our shares must file a report with the Board of Directors on the date such shareholder pledges its shares to any lender as collateral, and shareholders who hold 5% or more of our total issued shares and have outstanding loans from us exceeding the audited net value of their shares at the end of the previous fiscal year are not permitted to pledge to us their shares in us, unless their loans are collateralized by certificates of deposits or PRC government bonds. Future changes in ownership restrictions imposed by the PRC government or our Articles of Association, may materially and adversely affect the value of your investment.

RISKS RELATING TO CHINA

China's economic, political and social conditions, as well as governmental policies, could affect our business, financial condition and results of operations.

A substantial majority of our businesses, assets and operations are located in China. Accordingly, our financial condition, results of operations and business prospects are, to a significant degree, subject to the economic, political and legal developments in China. China's economy differs from the economies of most developed countries in many respects, including, among other things, government involvement, level of development, growth rate, control of foreign exchange and allocation of resources.

China's economy was a planned economy, and a substantial portion of productive assets in China is still owned by the PRC government. The government also exercises significant control over China's economic growth by allocating resources, setting monetary policy and providing preferential treatment to particular industries or companies. Although the government has implemented economic reform measures to introduce market forces and establish sound corporate governance in business enterprises, such economic reform measures may be adjusted, modified or applied inconsistently from industry to industry, or across different regions of the country. As a result, we may not benefit from certain of such measures.

The PRC government has the power to implement macroeconomic control measures affecting China's economy. The government has implemented various measures in an effort to increase or control the growth rate and adjust the structure of certain industries. For example, in response to a decreased growth rate in part as a result of the global financial crisis and economic slowdown, beginning in September 2008, the PRC government began to implement a series of macroeconomic measures and the moderately loose monetary policy, which included announcing an economic stimulus package in the aggregate amount of RMB4 trillion (US$586 billion) and reducing benchmark interest rates.

Certain of the PRC government's macroeconomic measures may materially and adversely affect our financial condition, results of operations and asset quality. For example, the decreases in the PBOC benchmark interest rates in the second half of 2008 have resulted in the narrowing of our net interest margin and a decrease in our net interest income in 2009 compared to 2008, which adversely affected our profitability. See "Financial Information." In addition, the PRC government has imposed macroeconomic control measures aimed at tempering the real estate market. In December 2009, the PRC government shortened the period in which the real estate developers make payments for the land premiums and increased the relevant down payment requirement on the real estate developers. In April 2010, the PRC government raised the down payment requirements for people buying their second homes to a minimum of 50% of the property value from 40%. Down payment requirements on first homes of more than 90 square meters rose to a minimum of 30% of the property value from 20%. In addition, the lowest interest rate that commercial banks are permitted to charge in respect of second-home residential mortgage loans has increased from 90% to 110% of the applicable PBOC benchmark rate. At December 31, 2009, our loans to China's real estate industry represented 14.4% of our total domestic corporate loans and our residential mortgage loans represented 63.1% of our domestic retail loans. The PRC government's measures to cool down the housing market may adversely affect the growth and quality of our loans related to real estate and could also have a significant impact on our business, financial condition and results of operation. Furthermore, on September 26, 2009, the State Council approved the Notice of "Several Opinions on Suppressing Overcapacity and Repetitive Constructions in Certain Industries for Healthy Development" issued by the NDRC and other ministries (國務院批轉發展改革委等部門"關於抑制部分行業產能過剩和重複建設引導產業健康發展若干意見的通知") to curb the expansion of certain sectors with overcapacity, such as iron and steel, cement, flat glass, coal chemical, polysilicon, wind power equipment, electrolysis aluminium, ship building and soybean oil extraction. This notice prohibits financial institutions from financing projects which do not meet specified requirements and requires those who have made such loans to take remedial measures. These requirements may adversely affect the condition of certain of our loans to the relevant industries.

China has been one of the world's fastest growing economies, as measured by GDP growth, in recent years. However, China may not be able to sustain such a growth rate. During the recent global financial crisis and economic slowdown, the growth of China's GDP slowed down. If China's economy experiences a decrease in growth rate or a significant downturn, the unfavorable business environment and economic condition for our customers could negatively impact their ability or willingness to repay our loans and reduce their demand for our banking services. Our financial condition, results of operations and business prospects may be materially and adversely affected.

Legal protections available to you under the PRC legal system may be limited.

We are organized under the laws of the PRC. The PRC legal system is based on written statutes. Prior court decisions may be quoted for reference but have limited precedential value. Since 1979, the PRC government has promulgated laws and regulations dealing with such economic matters as securities, shareholders' rights, foreign investment, corporate organization and governance, commerce, taxation and trade, with a view towards developing a comprehensive system of commercial law. However, as these laws and regulations are relatively new and the development of products, instruments and environment in the PRC banking industry continue to evolve, the effect of these laws and regulations on the rights and obligations of the parties involved may involve uncertainty. As a result, the legal protections available to you under the PRC legal system may be limited.

Our Articles of Association provide that disputes between holders of H shares and us, our directors, supervisors or senior officers or holders of A shares arising out of our Articles of Association or any rights or obligations conferred or imposed thereupon by the PRC Company Law and related rules and regulations concerning our affairs are to be resolved through arbitration. Our Articles of Association further provide that such arbitral award will be final, conclusive and binding on all parties. A claimant may elect to submit a dispute to arbitration organizations in Hong Kong or the PRC. Awards that are made by PRC arbitral authorities recognized under the Arbitration Ordinance of Hong Kong can be enforced in Hong Kong. Hong Kong arbitration awards may be recognized and enforced by PRC courts, subject to the satisfaction of certain PRC legal requirements. However, to our knowledge, no action has been brought in the PRC by any holder of H shares to enforce an arbitral award, and we cannot assure you that any action brought in the PRC by any holder of H shares to enforce a Hong Kong arbitral award made in favor of holders of H shares would succeed.

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

We are a company incorporated under the laws of the PRC, and substantially all of our business, assets and operations are located in China. In addition, a majority of our directors, supervisors and executive officers reside in China, and substantially all of the assets of such directors, supervisors and executive officers are located in China. As a result, it may not be possible to effect service of process within the United States or elsewhere outside China upon us or such directors, supervisors or executive officers, including with respect to matters arising under U.S. federal securities laws or applicable state securities laws. Moreover, China has not entered into a treaty for the reciprocal recognition and enforcement of court judgments with the United States, the United Kingdom, Japan and many other countries. In addition, Hong Kong has no arrangement with the United States for reciprocal enforcement of judgments. As a result, recognition and enforcement in China or Hong Kong of a court judgment obtained in the United States and any of the other jurisdictions mentioned above may be difficult or impossible.

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

You may be subject to PRC taxation.

Under applicable PRC tax laws, dividends paid by us to non-PRC resident individual holders of H shares and gains realized by non-PRC resident individual holders of H shares upon sale or other disposition of H shares are both subject to PRC individual income tax at a rate of 20%, although we understand that these taxes haven't been collected by the PRC tax authorities in practice. Under applicable PRC tax laws, such dividends paid to, and gains realized by, non-PRC resident enterprise holders of H shares are both subject to PRC enterprise income tax at a rate of 10%. There are significant uncertainties as to the interpretation and application of applicable PRC tax laws due to several factors, including the relative short history of certain of such laws. These uncertainties include, among others, whether and how enterprise income tax on gains realized by non-PRC resident enterprises upon the sale or other disposition of H shares has been and will be collected by the PRC tax authorities in the future and whether and how PRC individual income tax on the dividends paid by us to non-PRC resident individual holders of H shares and on gains realized by such individual holders on the sale or other disposition of H shares will be collected by the PRC tax authorities in the future. If there is any change to applicable tax laws and interpretation or application with respect of such laws, holders of H shares may be subject to PRC income tax on the dividends paid by us and gains realized upon sale or other disposition of H shares which they currently are not subject to or haven't been collected by the PRC tax authorities in practice. See "Appendix VII—Summary of Certain Legal and Regulatory Matters—PRC Taxation."

Payment of dividends is subject to restrictions under PRC laws.

Under PRC laws, dividends may be paid only out of distributable profits. Our distributable profits represent our distributable net profits less appropriations to statutory surplus reserve, general reserve, and discretionary surplus reserve (as approved by our shareholders' meeting), each such appropriation based on the unconsolidated net profit of our Bank determined under the PRC GAAP. Our distributable net profit referred to above represents the lowest of (i) our consolidated net profit attributable to our equity holders for a period plus distributable profits or net of accumulated losses, if any, at the beginning of such period, as determined under the PRC GAAP, (ii) the unconsolidated net profit of our Bank for the period plus distributable profits or net of accumulated losses, if any, at the beginning of such period, as determined under the PRC GAAP, (iii) our consolidated net profit attributable to our equity holders for the period plus distributable profits or net of accumulated losses, if any, at the beginning of such period, as determined under IFRS, and (iv) the unconsolidated net profit of our Bank for the period plus distributable profits or net of accumulated losses, if any, at the beginning of such period, as determined under IFRS. As a result, we may not have sufficient distributable profits, if any, to make dividend distributions to our shareholders in the future, including in respect of periods where we register an accounting profit. Any distributable profits that are not distributed in a given year are retained and available for distribution in subsequent years.

In addition, the CBRC has the discretionary authority to restrict dividend payments and other distributions by any bank that has a capital adequacy ratio below 8% or a core capital adequacy ratio below 4%, or that has violated certain other PRC banking regulations. See "Supervision and Regulation—PRC Banking Supervision and Regulation—Supervision Over Capital Adequacy—CBRC Supervision of Capital Adequacy" and "Supervision and Regulation—PRC Banking Supervision and Regulation—Principal Regulators—CBRC."

We are subject to the PRC government controls on currency conversion and risks relating to fluctuations in exchange rates.

We receive a substantial majority of our revenues in Renminbi, which is currently not a freely convertible currency. A portion of these revenues must be converted into other currencies in order to meet our foreign currency obligations. For example, we need to obtain foreign currency to make payments of declared dividends, if any, on our H shares.

Under China's existing foreign exchange regulations, by complying with certain procedural requirements, following completion of the Global Offering, we will be able to undertake current account foreign exchange transactions, including payment of dividends without prior approval from the SAFE. However, in the future, the PRC government may, at its discretion, take measures to restrict access to foreign currencies for capital account and 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 China's and international political and economic conditions and the PRC government's fiscal and currency policies. Since 1994, the conversion of Renminbi into foreign currencies, including Hong Kong and U.S. dollars, has been based on rates set by the PBOC, which are set daily based on the previous business day's inter-bank foreign exchange market rates and current exchange rates on the world financial markets. From 1994 to July 20, 2005, the official exchange rate for the conversion of Renminbi to U.S. dollars was generally stable. On July 21, 2005, the PRC government adopted a more flexible 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. On the same day, the value of the Renminbi appreciated by approximately 2.1% against the U.S. dollar. From July 21, 2005 to December 31, 2009, the value of the Renminbi appreciated by approximately 21.2% against the U.S. dollar. In August 2008, China revised the PRC Foreign Exchange Administration Regulations (中華人民共和國外匯管理條例) to promote the reform of its exchange rate regime. It is expected that China may further reform its exchange rate system in the future.

Any appreciation of the Renminbi against the U.S. dollar or any other foreign currencies may result in the 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. At December 31, 2009, 3.7% of our financial assets and 3.4% of our financial liabilities were denominated in foreign currencies. Although we seek to reduce our exchange rate risk through currency derivatives or otherwise, we cannot assure you that we will be able to reduce our foreign currency risk exposure relating to our foreign currency-dominated assets. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. See "Financial Information—Quantitative and Qualitative Analysis of Market Risk—Exchange Rate Risk." Any appreciation of the Renminbi against the U.S. dollar or any other foreign currencies may materially and adversely affect the financial conditions of certain of our customers, particularly those deriving substantial income from exporting products or engaging in the related businesses, and in turn their abilities to service their obligations to us. Furthermore, we are also currently required to obtain the approval of the SAFE before converting significant sums of foreign currencies into Renminbi. All of these factors could materially and adversely affect our financial condition, results of operations and compliance with capital adequacy ratios and operational ratios.

Any future occurrence of natural disasters or outbreaks of contagious diseases in China may have a material adverse effect on our business operations, financial condition and results of operations.

Any future occurrence of natural disasters or outbreaks of health epidemics and contagious diseases, including avian influenza, severe acute respiratory syndrome, or SARS, and swine flu caused by H1N1 virus, or H1N1 flu, may materially and adversely affect our business and results of operations. In 2009, there were reports on the occurrences of H1N1 flu in certain regions of the world, including the PRC and Hong Kong where we operate our principal business. An outbreak of a health epidemic or contagious disease could result in a widespread health crisis and restrict the level of business activities in affected areas, which may in turn adversely affect our business. Moreover, China has experienced natural disasters like earthquakes, floods and droughts in the past few years. For example, in May 2008 and April 2010, China experienced earthquakes with reported magnitudes of 8.0 and 7.1 on the Richter scale in Sichuan Province and Qinghai Province, respectively, resulting in the death of tens of thousands of people. We suffered the adverse impact from the earthquake in Sichuan Province. See "Financial Information—Results of Operations for the Years Ended December 31, 2009, 2008 and 2007—Provisions for Impairment Losses," "County Area Banking Business—Results of Operations of Our County Area Banking Business—Provisions for Impairment Losses" and "Assets and Liabilities—Assets—Asset Quality of Our Loan Portfolio—Distribution of Corporate Non-performing Loans by Industry." We also suffered the adverse impact from the earthquake in Qinghai Province, but the impact is not material because our operations in the locality affected by the earthquake are small. Since the beginning of 2010, there have occurred severe droughts in southwestern China, resulting in significant economic losses in these areas. Any future occurrence of severe natural disasters in China may adversely affect its economy and in turn our business, particularly in light of the substantial portion of our County Area Banking Business which is more vulnerable to natural disasters. There is no guarantee that any future occurrence of natural disasters or outbreak of avian influenza, SARS, H1N1 flu or other epidemics, or the measures taken by the PRC government or other countries in response to a future outbreak of avian influenza, SARS, H1N1 flu or other epidemics, will not seriously interrupt our operations or those of our customers, which may have a material and adverse effect on our results of operations.

RISKS RELATING TO THE GLOBAL OFFERING

An active trading market for our H shares may not develop, and their trading prices may fluctuate significantly.

Prior to the A Share Offering and the Global Offering, no public market for our shares has existed. We cannot assure you that a liquid public market for our H shares will develop or be sustained after the Global Offering. In addition, the offer price of our H shares is expected to be fixed by agreement between the Joint Bookrunners (on behalf of the underwriters) and us, and may not be indicative of the market price of our H shares following the completion of the Global Offering. If an active public market for our H shares does not develop after the Global Offering, the market price and liquidity of our H shares may be adversely affected.

We are conducting a concurrent but separate A Share Offering, and the characteristics of the A share and H share markets are different.

We intend to conduct an offering of our A shares in the PRC concurrently with the Global Offering and list such shares on the Shanghai Stock Exchange. We refer to this offering in this prospectus as the A Share Offering. Our A Share Offering will initially comprise an offering of 22,235,294,000 A shares, representing approximately 7.00% of our total outstanding shares immediately following the completion of both the A Share Offering and the Global Offering, assuming that neither of the over-allotment options for the A Share Offering and the Global Offering is exercised.

Our A Share Offering and Global Offering are two separate and independent offerings, and neither offering is conditional upon the other. If for any reason we do not proceed with the A Share Offering as proposed, or if the number of our A shares offered in the A Share Offering is reduced or the actual issue price for our A shares is not within the estimated price range of our A Share Offering, the Global Offering may nevertheless proceed as described in this prospectus. Due to differences in the timetables and market practices for the A Share Offering and the Global Offering, you will not be notified of the final issue price or final size of our A Share Offering, and we cannot assure you that you be notified of any delay or termination of the A Share Offering, prior to the last time for lodging applications under the Hong Kong Public Offering.

Following the A Share Offering and the Global Offering, our H shares will be traded on the Hong Kong Stock Exchange and our A shares will be traded on the Shanghai Stock Exchange. Under the current laws and regulations, except for the A shares held by the MOF, Huijin and the SSF, which may be converted into H shares, our H shares and A shares are neither interchangeable nor fungible, and there is no trading or settlement between the H share and the A share markets. The H share and A share markets have different trading characteristics (including trading volume and liquidity) and investor bases, including different levels of retail and institutional participation. As a result of these differences, the trading price of our H shares and A shares may not be the same. Moreover, fluctuations in our A share price may affect our H share price, and vice versa. Because of the different characteristics of the A share and H share markets, the changes in the prices of our A shares may not be indicative of the price trend of our H shares performance. You should therefore not place undue reliance on the trading price of our A shares when evaluating an investment in our H shares.

Future sales or perceived sales of a substantial number of our H shares in public markets or the conversion of our A shares to H shares could have a material adverse effect on the prevailing market price of our H shares and dilute our shareholders' H share holdings.

The market price of our H shares could decline as a result of future sales of substantial amounts of our H shares or other securities relating to our H shares in the public market, or the issuance of new H shares, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our H shares could also materially and adversely affect our ability to raise capital in the future at a time and at a price favorable to us. In addition, our shareholders would experience dilution in their holdings upon issuance or sale of additional securities in the future. If additional funds are raised through the issuance of new equity or equity-linked securities of our Company other than on a pro-rata basis to existing shareholders, the percentage ownership of such shareholders in our Company may be reduced and such new securities may confer rights and privileges that take priority over those conferred by the H shares.

Upon the completion of the Global Offering, the SSF will hold certain H shares. These H shares are not subject to any lock-up restrictions. See "Share Capital—Shares Held by the SSF." Any future sales, or perceived sales, of our H shares by the SSF may adversely affect the market price of our H shares.

Upon the completion of the A Share Offering and the Global Offering, the MOF, Huijin and the SSF will together hold a substantial portion of our A shares. The A shares held by the MOF and Huijin will be subject to a lock-up period of 36 months following the completion of the A Share Offering and the A shares held by the SSF pursuant to the Share Subscription Agreement will be subject to a lock-up period through April 21, 2015. For details of the Share Subscription Agreement, see "Our History, Restructuring and Operational Reform—Investment by the SSF." Subject to the approval of the CSRC or the authorized securities approval authorities of the State Council, these A shares held by the MOF, Huijin and the SSF may be converted into H shares in the future without the approval of a class shareholder meeting, and such H shares may be listed and traded on the Hong Kong Stock Exchange. The above-mentioned lock-up restrictions on the A shares held by the MOF and Huijin will not apply to their converted H shares, although the lock-up restrictions on the A shares held by the SSF pursuant to the Share Subscription Agreement will apply to its converted H shares. See "Share Capital—Shares Held By the MOF and Huijin" and "Share Capital—Shares Held by the SSF." Any future sales, or perceived sales, of the converted H shares held by the MOF, Huijin or the SSF may adversely affect the trading price of our H shares.

You will incur immediate dilution because the Offer Price of the H shares is higher than the net tangible asset value per share.

The initial public offering price of our H shares is higher than the net tangible asset value per share of the outstanding shares issued to our then existing shareholders at March 31, 2010. Therefore, purchasers of our H shares in the Global Offering will experience an immediate dilution by HK$1.34 per share, representing the difference between the Offer Price and the pro forma adjusted net tangible asset value per share at March 31, 2010, without giving effect to any changes to our net tangible assets subsequent to March 31, 2010 other than the A Share Offering and the Global Offering (assuming an offer price RMB2.60 per share for our A shares and HK$3.18 per share for our H shares being the mid-points of our indicative offer price ranges of the A Share Offering and the Global Offering, respectively, and assuming that neither of the over-allotment options for the A Share Offering and the Global Offering is exercised, after deduction of estimated underwriting fees and offering expenses in connection with the A Share Offering and the Global Offering payable by us). If the over-allotment options for the A Share Offering or the Global Offering are exercised, or if we issue additional shares in the future, purchasers of our H shares may experience further dilution.

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

No dividend was paid during the Track Record Period. On April 21, 2010, a shareholders' extraordinary general meeting approved a cash dividend of RMB20 billion in respect of the year ended December 31, 2009. The same general meeting also adopted proposals on a special cash dividend in respect of the six months ended June 30, 2010. Potential investors of the Global Offering are not entitled to such special dividend which will only be distributed to shareholders on our register of members as of June 30, 2010. Any future declaration of dividends will be proposed by our Board of Directors and the amount of any dividends will depend on various factors, including our results of operations, financial condition, future business prospects and other factors that our board may determine to be important. For future details of our dividend policy, see "Financial Information—Dividend Policy." We cannot guarantee if and when we will pay dividends in the future.

We strongly caution you not to place any reliance on any information contained in press articles or other media regarding our A Share Offering and Global Offering or information released by us in connection with the A Share Offering.

There may have been prior to the publication of this prospectus, and there may be subsequent to the date of this prospectus but prior to the completion of the Global Offering, press and media coverage regarding us, the A Share Offering and the Global Offering. Such press and other media coverage may include references to certain events or information disclosed by us in China as part of the A Share Offering, including information relating to us and the A Share Offering. The prospectus and other information announced by us in connection with the A Share Offering are based on regulatory requirements and market practices in China, which are different from those applicable to the Global Offering. You should rely solely upon the information contained in this prospectus, the application forms and any formal announcements made by us in Hong Kong in making your investment decision regarding our H shares. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our A shares or H shares, the A Share Offering or the Global Offering, or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. Accordingly, prospective investors should not rely on any such information, reports or publications in making their decisions whether to invest in our Global Offering.

We are also required, in connection with our A Share Offering, to make certain formal announcements in the PRC relating to us and the A Share Offering, including the publication of our A share prospectus. This information is released in connection with our A Share Offering pursuant to PRC regulatory requirements that are not applicable to the Global Offering. Certain announcements in relation to our A Share Offering will be published on the website of the Hong Kong Stock Exchange.

However, such information and the prospectus for the A Share Offering do not and will not form a part of this prospectus. Prospective investors in H shares are reminded that, in making their decisions as to whether to purchase our H shares, they should rely only on the financial, operational and other information included in this prospectus and the application forms. By applying to purchase our H shares in the Global Offering, you will be deemed to have agreed that you will not rely on any information other than that contained in this prospectus and the application forms.