重庆农村商业银行
CHONGQING RURAL COMMERCIAL BANK

重慶農村商業銀行股份有限公司*
Chongqing Rural Commercial Bank Co., Ltd.*
(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 3618)

RESULTS ANNOUNCEMENT FOR THE YEAR 2010

The board of directors (the "Board") of Chongqing Rural Commercial Bank Co., Ltd. (the "Bank") is pleased to announce the audited results of the Bank and its subsidiaries (the "Group") for the year ended 31 December 2010. This announcement complies with the relevant requirements of the Hong Kong Listing Rules in relation to information to accompany preliminary announcements of annual results.

FINANCIAL SUMMARY

The financial information set forth in this announcement is prepared on a consolidated basis in accordance with the IFRS, and expressed in Renminbi ("RMB") unless otherwise stated.

The Bank holds a financial license number B0335H250000001 approved by China Banking Regulatory Commission and was authorized by the Administration for Industry and Commerce of Chongqing to obtain a corporate legal person business license with a registration number 500000000001239. The Bank is not an authorized institution in accordance with the Hong Kong Banking Ordinance (Chapter 155 of Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorized to carry on banking/deposit-taking business in Hong Kong.

SUMMARY OF INCOME STATEMENT

(Expressed in RMB million, unless otherwise stated)	For the year ended December 31			
	2010	2009	2008[3]	2007
Net interest income	**7,501.8**	**5,474.5**	**5,183.3**	**4,314.2**
Interest income	**11,473.4**	8,703.0	8,784.1	6,420.5
Interest expense	**(3,971.6)**	(3,228.5)	(3,600.8)	(2,106.3)
Net fee and commission income	**285.8**	**136.7**	**74.3**	**53.4**
Fee and commission income	**308.9**	148.8	88.3	66.1
Fee and commission expense	**(23.1)**	(12.1)	(14.0)	(12.7)
Net trading (loss)/gain	**(46.2)**	8.3	0.0	(2.8)
Other operating income, net	**3.2**	57.3	36.7	1,347.7
Operating income	**7,744.6**	5,676.8	5,294.3	5,712.5
Operating expenses	**(3,910.1)**	(3,190.7)	(2,472.6)	(1,845.8)
Impairment reversals/(losses) on assets	**45.2**	(123.0)	(292.0)	(883.4)
Net gain/(loss) on disposal of available-for-sale financial assets	**106.4**	**121.4**	**(0.4)**	**18.9**
Profit before tax	**3,986.1**	**2,484.5**	**2,529.3**	**3,002.2**
Income tax expense	**(924.9)**	(596.2)	(534.1)	0.0
Profit for the year	**3,061.2**	1,888.3	1,995.2	3,002.2
Basic earnings per share *(Expressed in RMB per share)*	**0.45**	**0.31**	**N/A[1]**	**N/A[1]**
Total dividends	**763.6[2]**	**232.1**	**N/A[1]**	**N/A[1]**

(1) In June 2008, before the Bank was incorporated as a joint stock limited company, its business was carried out by the Chongqing Rural Credit Cooperative Union (the "CRCU") and 38 rural credit cooperative unions and Chongqing Wulong Rural Cooperative Bank collectively, the ("39 Rural Credit Unions") at that time. As the corporate entity, each of the rural credit unions owns their share capital and has dividend distribution. Therefore, the Bank believes that it is not meaningful to disclose previous basic earnings per share and total dividends on a consolidated basis.

(2) Information included a dividend of RMB360 million for the year 2009 and a special dividend of RMB403.6 million for the year 2010.

(3) The income for the year 2008 represents the sum of the financial results of CRCU and the 39 Rural Credit Unions for the period from January 1, 2008 to June 26, 2008 and that of the Bank from June 27, 2008 to December 31, 2008.

SUMMARY OF FINANCIAL POSITION

	As at December 31			
(Expressed in RMB million, unless otherwise stated)	**2010**	2009	2008	2007
Loans and advances to customers, net	**117,114.0**	96,815.7	72,213.8	69,084.0
Loans and advances to customers, gross	**121,024.5**	99,331.7	73,091.4	75,398.6
Allowances for impairment losses of loans and advances to customers	**(3,910.5)**	(2,516.0)	(877.6)	(6,314.6)
Investment securities and other financial assets	**67,901.4**	47,430.4	34,346.4	23,012.6
Cash and balances with central bank	**37,321.6**	27,415.9	19,053.4	19,170.3
Deposits with banks and other financial institutions	**17,220.2**	10,154.4	5,355.2	3,532.4
Placements with other financial institutions	**2,000.0**	0.0	0.0	0.0
Financial assets held under resale agreements	**37,158.0**	13,374.2	29,941.3	2,205.2
Goodwill	**440.1**	440.1	440.1	0.0
Other assets	**6,390.4**	5,730.0	5,917.9	3,482.5
Total assets	**285,545.7**	201,360.7	167,268.1	120,487.0

(Expressed in RMB million, unless otherwise stated)	**2010**	2009	2008	2007
	As at December 31			
Due to customers	**205,563.0**	153,776.4	117,282.5	96,350.8
Deposits from banks and other financial institutions	**11,711.8**	4,135.6	2,176.8	800.1
Debt securities issued	**2,300.0**	2,300.0	0.0	0.0
Other liabilities	**43,540.5**	31,671.4	39,917.0	23,528.4
Total liabilities	**263,115.3**	191,883.4	159,376.3	120,679.3
Share capital	**9,000.0**	6,000.0	6,000.0	1,639.9
Reserves	**10,698.9**	1,407.6	1,284.6	4,999.8
Retained earnings/ (accumulated losses)	**2,646.3**	2,069.7	607.2	(6,832.0)
Equity attributable to equity holders of the Bank	**22,345.2**	9,477.3	7,891.8	(192.3)
Non-controlling interests	**85.2**	0.0	0.0	0.0
Total equity	**22,430.4**	9,477.3	7,891.8	(192.3)
Total equity and liabilities	**285,545.7**	201,360.7	167,268.1	120,487.0

SELECTED FINANCIAL RATIOS

(Expressed in percentage)	For the year ended December 31 **2010**	2009	2008	2007
Profitability indicators				
Return on total assets[(1)]	**1.07**	0.94	1.19	2.49
Return on average total assets[(2)]	**1.26**	1.02	1.39	3.02
Return on equity[(3)]	**13.65**	19.92	25.28	N/A[(8)]
Net interest spread[(4)]	**2.97**	2.94	3.51	4.08
Net interest margin[(5)]	**3.07**	3.06	3.68	4.16
Net fee and commission income to operating income	**3.69**	2.41	1.40	0.93
Cost-to-income ratio[(6)]	**44.40**	49.23	40.84	29.12
Capital adequacy indicators				
Core capital adequacy ratio[(7)]	**14.78**	8.14	9.31	N/A[(9)]
Capital adequacy ratio[(7)]	**16.31**	10.23	9.32	N/A[(9)]
Total equity to total assets	**7.86**	4.71	4.72	N/A[(8)]
Assets quality indicators[(10)]				
Non-performing loan ratio	**2.38**	3.88	8.68	13.22
Allowances to non-performing loans	**172.81**	126.85	83.43	63.33
Allowances to total loans	**4.12**	4.92	7.25	8.37
Other indicators[(10)]				
Loan-to-deposit ratio	**59.42**	66.21	66.38	78.25

Please refer to the following page regarding the basis of preparation of certain financial indicators.

Basis of preparation of certain financial indicators

Under the IFRS, the restructuring of the Bank was accounted for as an acquisition of the business from the 39 Rural Credit Unions and CRCU by our Bank on 27 June 2008 instead of merger accounting due to the fact that there were no same party or parties ultimately controlling the 39 Rural Credit Unions, CRCU and our Bank before and after the restructuring. For trend analysis straddling before and after the restructuring, certain disclosures in relation to loans and advances to customers and relevant assets quality indicators after the restructuring have been prepared based on the contractual amount of these loans for management purpose, which are not the same as the carrying amount of these loans and advances to customers stated in the audited financial statements of the Group.

(1) Represents the profit for the year (including profit attributable to non-controlling interests) as a percentage of the year-end balance of total assets.

(2) Represents the profit for the year (including profit attributable to non-controlling interests) as a percentage of the average balance of total assets at the beginning and the end of the year.

(3) Represents the profit for the year (including profit attributable to non-controlling interests) as a percentage of the year-end balance of total equity including non-controlling interests.

(4) Calculated as the difference between the average yield on total interest-earning assets and the average cost on total interest-bearing liabilities.

(5) Calculated by dividing net interest income by average interest-earning assets.

(6) Calculated by dividing total operating expenses (excluding business tax and surcharges) by operating income.

(7) Calculated in accordance with the guidelines issued by the China Banking Regulatory Commission ("CBRC") and under the People's Republic of China Generally Accepted Accounting Principles ("PRC GAAP").

(8) Not meaningful given that the Bank had a deficit total equity at December 31, 2007.

(9) In 2007, the Bank's business was carried out by CRCU and the 39 Rural Credit Unions, who separately complies with relevant core indicator ratio requirements. On such premise, our directors are of the view that it is unnecessary or even misleading to present those core indicators on consolidated basis.

(10) Non-performing loan ratio, allowances to non-performing loans, allowances to total loans and loan-to-deposit ratio were calculated on basis of the contractual amount of loans.

SUMMARY OF BUSINESS SEGMENT

	For the year ended December 31							
	2010		2009		2008		2007	
(Expressed in RMB million, unless otherwise stated)	**Amount**	**% of total**	Amount	% of total	Amount	% of total	Amount	% of total
Corporate banking business	**3,284.3**	**42.41**	2,322.4	40.91	2,556.2	48.28	2,153.1	37.69
Personal banking business	**2,685.4**	**34.67**	1,942.2	34.21	2,164.2	40.88	2,333.5	40.85
Treasury operations business	**1,712.9**	**22.12**	1,359.9	23.96	538.2	10.17	(121.8)	(2.13)
Unallocated	**62.0**	**0.80**	52.3	0.92	35.7	0.67	1,347.7	23.59
Total operating income	**7,744.6**	**100.00**	5,676.8	100.00	5,294.3	100.00	5,712.5	100.00

CONSOLIDATED INCOME STATEMENT

For the year ended December 31 (Expressed in RMB million, unless otherwise stated)	The Group[(1)] 2010	The Bank 2009	Change	Percentage of Change (%)
Interest income	**11,473.4**	8,703.0	2,770.4	31.83
Interest expense	**(3,971.6)**	(3,228.5)	(743.1)	23.02
Net interest income	**7,501.8**	**5,474.5**	**2,027.3**	**37.03**
Fee and commission income	**308.9**	148.8	160.1	107.59
Fee and commission expense	**(23.1)**	(12.1)	(11.0)	90.91
Net fee and commission income	**285.8**	**136.7**	**149.1**	**109.07**
Net trading (loss)/gain	**(46.2)**	8.3	(54.5)	(656.63)
Other operating income, net	**3.2**	57.3	(54.1)	(94.42)
Operating income	**7,744.6**	**5,676.8**	**2,067.8**	**36.43**
Operating expenses	**(3,910.1)**	**(3,190.7)**	**(719.4)**	**22.55**
Impairment reversals/(losses) on assets	**45.2**	(123.0)	168.2	(136.75)
Net gain on disposal of available-for-sale financial assets	**106.4**	121.4	(15.0)	(12.36)
Profit before tax	**3,986.1**	**2,484.5**	**1,501.6**	**60.44**
Income tax expense	**(924.9)**	(596.2)	(328.7)	55.13
Profit for the year	**3,061.2**	**1,888.3**	**1,172.9**	**62.11**
Attributable to:				
Equity holders of the Bank	**3,064.2**	1,888.3	1,175.9	62.27
Non-controlling interests	**(3.0)**	0.0	(3.0)	N/A
Basic earnings per share *(Expressed in RMB per share)*	**0.45**	**0.31**	**0.14**	**45.16**

(1) The Group refers to the Bank and its three controlling subsidiaries, namely Jiangsu Zhangjiagang Huaxin Village and Township Bank Co., Ltd., Sichuan Dazhu Longyuan Village and Township Bank Co., Ltd. (四川大竹隆源村鎮銀行股份有限公司) and Yunnan Dali Haidong Village and Township Bank Co., Ltd. (雲南大理海東村鎮銀行有限責任公司).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31 (Expressed in RMB million, unless otherwise stated)	**The Group** **2010**	The Bank 2009	Change	Percentage of Change *(%)*
Profit for the year	**3,061.2**	1,888.3	1,172.9	62.11
Other comprehensive income:				
Fair value gain on available-for-sale financial assets				
— fair value gain arising during the year	**40.7**	27.1	13.6	50.18
— amount reclassified to the profit or loss upon disposal of available-for-sale financial assets	**(106.4)**	(121.4)	15.0	(12.36)
Income tax relating to available-for-sale financial assets	**16.5**	23.6	(7.1)	(30.08)
Other comprehensive expense for the year (net of tax)	**(49.2)**	(70.7)	21.5	(30.41)
Total comprehensive income for the year	**3,012.0**	1,817.6	1,194.4	65.71
Total comprehensive income attributable to:				
Equity holders of the Bank	**3,014.9**	1,817.6	1,197.3	65.87
Non-controlling interests	**(2.9)**	0.0	(2.9)	N/A
Total comprehensive income for the year	**3,012.0**	1,817.6	1,194.4	65.71

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31 (Expressed in RMB million, unless otherwise stated)	**The Group** **2010**	The Bank 2009	Change	Percentage of Change *(%)*
ASSETS				
Cash and balances with central bank	**37,321.6**	27,415.9	9,905.7	36.13
Deposits with banks and other financial institutions	**17,220.2**	10,154.4	7,065.8	69.58
Placements with other financial institutions	**2,000.0**	0.0	2,000.0	N/A
Financial assets held for trading	**482.2**	0.0	482.2	N/A
Financial assets designated as at fair value through profit or loss	**8,046.0**	6,548.6	1,497.4	22.87
Financial assets held under resale agreements	**37,158.0**	13,374.2	23,783.8	177.83
Loans and advances to customers	**117,114.0**	96,815.7	20,298.3	20.97
Available-for-sale financial assets	**1,444.4**	1,400.4	44.0	3.14
Held-to-maturity investments	**36,708.9**	24,207.3	12,501.6	51.64
Debt securities classified as receivables	**21,219.9**	15,274.1	5,945.8	38.93
Property and equipment	**2,341.3**	2,117.2	224.1	10.58
Deferred tax assets	**1,307.6**	1,263.9	43.7	3.46
Goodwill	**440.1**	440.1	0.0	0.00
Other assets	**2,741.5**	2,348.9	392.6	16.71
Total assets	**285,545.7**	**201,360.7**	**84,185.0**	**41.81**

LIABILITIES				
Deposits from banks and other financial institutions	**11,711.8**	4,135.6	7,576.2	183.19
Financial liabilities designated as at fair value through profit or loss	**444.8**	0.0	444.8	N/A
Financial assets sold under repurchase agreements	**35,762.7**	26,505.6	9,257.1	34.93
Due to customers	**205,563.0**	153,776.4	51,786.6	33.68
Accrued staff costs	**2,166.2**	1,814.5	351.7	19.38
Tax liabilities	**443.4**	225.3	218.1	96.80
Debt securities issued	**2,300.0**	2,300.0	0.0	0.00
Other liabilities	**4,723.4**	3,126.0	1,597.4	51.10
Total liabilities	**263,115.3**	**191,883.4**	**71,231.9**	**37.12**
EQUITY				
Share capital	**9,000.0**	6,000.0	3,000.0	50.00
Capital reserve	**8,202.7**	586.2	7,616.5	1,299.30
Investment revaluation reserve	**16.5**	65.7	(49.2)	(74.89)
Surplus reserve	**575.5**	263.9	311.6	118.08
General and regulatory reserve	**1,904.2**	491.8	1,412.4	287.19
Retained earnings	**2,646.3**	2,069.7	576.6	27.86
Equity attributable to equity holders of the Bank	**22,345.2**	**9,477.3**	**12,867.9**	**135.78**
Non-controlling interests	**85.2**	0.0	85.2	N/A
Total equity	**22,430.4**	**9,477.3**	**12,953.1**	**136.68**
Total equity and liabilities	**285,545.7**	201,360.7	84,185.0	41.81

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31 (Expressed in RMB million, unless otherwise stated)	**Share capital**	**Capital reserve**	**Surplus reserve**	**General and regulatory reserve**	**Retained earnings**	**Investment revaluation reserve**	**Subtotal**	**Non-controlling interests**	**Total**
THE GROUP									
As at January 1, 2010	**6,000.0**	**586.2**	**263.9**	**491.8**	**2,069.7**	**65.7**	**9,477.3**	**0.0**	**9,477.3**
Profit for the year	0.0	0.0	0.0	0.0	3,064.2	0.0	**3,064.2**	(3.0)	**3,061.2**
Other comprehensive income	0.0	0.0	0.0	0.0	0.0	(49.2)	**(49.2)**	0.0	**(49.2)**
Total comprehensive income for the year	0.0	0.0	0.0	0.0	3,064.2	(49.2)	**3,015.0**	(3.0)	**3,012.0**
Share issued									
— Private placement	1,000.0	910.0	0.0	0.0	0.0	0.0	**1,910.0**	0.0	**1,910.0**
— H shares offering	2,000.0	6,706.5	0.0	0.0	0.0	0.0	**8,706.5**	0.0	**8,706.5**
Contribution from non-controlling shareholders	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	88.2	**88.2**
Appropriation to surplus reserve	0.0	0.0	311.6	0.0	(311.6)	0.0	**0.0**	0.0	**0.0**
Appropriation to general and regulatory reserve	0.0	0.0	0.0	1,412.4	(1,412.4)	0.0	**0.0**	0.0	**0.0**
Dividends recognised as distribution	0.0	0.0	0.0	0.0	(763.6)	0.0	**(763.6)**	0.0	**(763.6)**
As at December 31, 2010	**9,000.0**	**8,202.7**	**575.5**	**1,904.2**	**2,646.3**	**16.5**	**22,345.2**	**85.2**	**22,430.4**
THE BANK									
As at January 1, 2009	**6,000.0**	**586.2**	**70.2**	**491.8**	**607.2**	**136.4**	**7,891.8**	**0.0**	**7,891.8**
Profit for the year	0.0	0.0	0.0	0.0	1,888.3	0.0	**1,888.3**	0.0	**1,888.3**
Other comprehensive income	0.0	0.0	0.0	0.0	0.0	(70.7)	**(70.7)**	0.0	**(70.7)**
Total comprehensive income for the year	0.0	0.0	0.0	0.0	1,888.3	(70.7)	**1,817.6**	0.0	**1,817.6**
Appropriation to surplus reserve	0.0	0.0	193.7	0.0	(193.7)	0.0	**0.0**	0.0	**0.0**
Dividends recognised as distribution	0.0	0.0	0.0	0.0	(232.1)	0.0	**(232.1)**	0.0	**(232.1)**
As at December 31, 2009	**6,000.0**	**586.2**	**263.9**	**491.8**	**2,069.7**	**65.7**	**9,477.3**	**0.0**	**9,477.3**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31 (Expressed in RMB million, unless otherwise stated)	The Group 2010	The Bank 2009
OPERATING ACTIVITIES		
Profit before tax	**3,986.1**	2,484.5
Adjustments for:		
Depreciation and amortisation	**331.1**	331.0
Impairment (reversals)/losses on assets	**(45.2)**	123.0
Interest income arising from debt securities	**(2,310.6)**	(1,761.9)
Interest income arising from impaired financial assets	**(29.3)**	(28.5)
Interest expense arising from debt securities issued	**126.5**	0.0
Net gain on disposal of investment securities	**(106.4)**	(121.4)
Dividend income from investment securities	**(2.2)**	(5.6)
Net gain on disposal of property and equipment	**(21.7)**	(21.9)
Foreign exchange loss	**60.3**	0.0
Operating cash flows before movements in working capital	**1,988.6**	**999.2**
Increase in balances with central bank, deposits with banks and other financial institutions	**(14,728.6)**	(6,261.8)
Increase in placement with other financial institutions	**(2,000.0)**	0.0
(Increase)/decrease in financial assets held under resale agreements	**(23,999.2)**	9,693.1
Increase in financial assets held for trading	**(461.5)**	0.0
Increase in loans and advances to customers	**(20,273.8)**	(24,690.9)
Increase/(decrease) in financial assets sold under repurchase agreements	**9,257.1**	(8,264.1)
Increase in due to customers, deposits from banks and other financial institutions	**59,808.7**	38,454.0
Increase in other operating assets	**(1,647.4)**	(3,593.3)
Increase in other operating liabilities	**1,551.1**	38.6
Cash generated by operating activities	**9,495.0**	**6,374.8**
Income tax paid	**(734.1)**	(443.8)
Net cash from operating activities	**8,760.9**	**5,931.0**

INVESTING ACTIVITIES		
Cash received from disposal and redemption of investment securities	**21,281.4**	9,879.6
Cash received from disposal of property and equipment	**252.3**	62.2
Cash paid for purchase of investment securities	**(39,681.8)**	(19,054.4)
Cash paid for purchase of property and equipment	**(739.4)**	(473.9)
Interest income received from investment securities	**2,003.6**	1,601.4
Net cash used in investing activities	**(16,883.9)**	**(7,985.1)**
FINANCING ACTIVITIES		
Net proceeds from issuance of shares		
— Private placement	**1,910.0**	0.0
— H shares offering	**8,706.5**	0.0
Contribution from non-controlling shareholders	**88.2**	0.0
Cash received from debt securities issued	**0.0**	2,300.0
Interest expenses paid for debt securities issued	**(126.5)**	
Dividends paid to shareholders of the Bank	**(366.7)**	(219.9)
Net cash from financing activities	**10,211.5**	**2,080.1**
Net increase in cash and cash equivalents	**2,088.5**	**26.0**
Cash and cash equivalents at January 1	**28,722.9**	28,696.9
Effect of foreign exchange rate changes	**(60.9)**	0.0
Cash and cash equivalents at December 31	**30,750.5**	**28,722.9**

Notes:

1. The consolidated financial statements of the Group for the year ended 31 December 2010 will be available on the website of The Stock Exchange of Hong Kong Limited. These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. The Group had adopted the new and effective IFRS and amendments and prepared this results announcement on such basis.

3. The following financial information are expressed in Renminbi million, unless otherwise stated.

4. Operating expenses

For the year ended December 31	The Group 2010	The Bank 2009
Staff costs	**2,341.1**	**1,809.7**
Salaries, bonuses, and allowances	**1,574.0**	1,341.7
Staff welfare	**90.8**	102.9
Social insurance	**179.5**	174.1
Housing funds	**135.6**	113.7
Labor union fees and staff education expenses	**55.8**	47.0
Supplementary retirement benefits	**120.1**	23.9
Early retirement benefits	**185.3**	6.4
General operating and administrative expenses	**609.5**	542.3
Business tax and surcharges	**471.5**	396.5
Depreciation and amortisation expenses	**331.1**	331.0
Auditor's remuneration	**1.5**	1.5
Others	**155.4**	109.7
Total operating expenses	**3,910.1**	**3,190.7**

5. Income tax expense

For the year ended December 31	The Group 2010	The Bank 2009
Income tax expense comprises:		
Current income tax		
— PRC Enterprise Income Tax	**952.2**	410.2
Deferred income tax	**(27.3)**	186.0
Total income tax expense	**924.9**	**596.2**
The income tax expense for the year can be reconciled to the profit before tax per the consolidated income statement as follows:		
Profit before tax	**3,986.1**	2,484.5
Income tax calculated at applicable statutory tax rate of 25%	**996.5**	621.2
Tax effect of expenses not deductible for tax purpose	**47.9**	36.0
Tax effect of income not taxable for tax purpose	**(119.5)**	(61.0)
Income tax expense	**924.9**	**596.2**

6. Earnings per share

For the year ended December 31	**The Group 2010**	The Bank 2009
Earnings:		
Profit for the year attributable to equity holders of the Bank	**3,064.2**	**1,888.3**
Number of shares		
Weighted average number of shares in issue *(million)*	**6,846.6**	**6,000.0**
Basic earnings per share *(RMB yuan)*	**0.45**	**0.31**

7. Due to customers

	The Group As at 31.12.2010	The Bank As at 31.12.2009
Demand deposits		
Corporate customers	**45,290.7**	31,097.2
Individual customers	**43,946.0**	31,742.4
Time deposits		
Corporate customers	**10,228.9**	2,675.3
Individual customers	**101,200.5**	85,160.3
Pledged deposits [(1)]	**4,846.7**	3,033.3
Others (including outward remittance and remittance outstanding)	**50.2**	67.9
Total	**205,563.0**	153,776.4

	The Group As at 31.12.2010	The Bank As at 31.12.2009
(1) Analysed by products for which deposit is required:		
Acceptances	**3,614.4**	2,097.9
Letters of guarantee	**35.6**	0.9
Letters of credit	**70.0**	0.0
Others	**1,126.7**	934.5
Total	**4,846.7**	3,033.3

8. Contingent liabilities and commitments

(1) Capital commitments

	The Group 2010	The Bank 2009
Contracted but not provided for	**170.8**	120.2
Authorised but not contracted for	**265.9**	475.6
Total	**436.7**	595.8

(2) Credit commitments

	The Group 2010	The Bank 2009
Letters of credit issued	**337.5**	—
Letters of guarantee	**48.0**	7.4
Acceptances	**4,844.1**	2,976.6
Total	**5,229.6**	2,984.0

(3) Operating lease commitment

At the end of each reporting period, the Group has the following non-cancellable operating lease commitments as lessee with fixed lease term and lease payment.

	The Group 2010	The Bank 2009
Within 1 year	**21.2**	10.4
1 to 2 years	**17.6**	8.7
2 to 3 years	**15.7**	7.3
Above 3 years	**79.4**	12.6
Total	**133.9**	39.0

(4) Credit risk weighted amounts for credit commitments

	The Group	The Bank
	2010	2009
Credit commitments	**1,405.0**	555.9

The credit risk weighted amounts are calculated in accordance with the guidelines issued by the CBRC and are dependent on, among others, the creditworthiness of the counterparty and the maturity characteristics. The risk weightings used range from 0% to 100%, for contingent liabilities and credit commitments.

(5) Collateral

Assets pledged

The carrying amount of assets pledged as collateral under repurchase agreement by the Group is as follows:

	The Group	The Bank
	2010	2009
Bonds	**25,508.8**	10,433.3
Bills	**10,285.1**	15,797.1
Total	**35,793.9**	26,230.4

9. Operating segment

For the purpose of reporting to the management, the principal business segments of the Group are as follows:

Corporate banking

The corporate banking segment provides various financial products and services to corporations, government agencies and financial institutions. These products and services include corporate loans, trade financing, deposit service, agency service, financial advisory and consulting services, cash management services, remittance and settlement services and guarantee services, etc.

Personal banking

The personal banking segment provides various financial products and services to individual customers. These products and services include personal loans, deposit services, bank card services, personal wealth management services and remittance services, etc.

Treasury operations

The treasury operations conduct inter-bank lending, repurchase and resale transactions, and debt securities investment within inter-bank market, etc.

The Group
2010

	Corporate banking	Personal banking	Treasury operations	Segment total	Unallocated	Total
External interest income	4,245.2	2,614.3	4,613.9	11,473.4	—	11,473.4
External interest expense	(341.7)	(2,266.0)	(1,363.9)	(3,971.6)	—	(3,971.6)
Inter-segment interest (expense)/income	(689.3)	2,241.9	(1,552.6)	—	—	—
Net interest income	3,214.2	2,590.2	1,697.4	7,501.8	—	7,501.8
Fee and commission income	75.8	102.9	130.2	308.9	—	308.9
Fee and commission expense	(5.7)	(7.7)	(9.7)	(23.1)	—	(23.1)
Net fee and commission income	70.1	95.2	120.5	285.8	—	285.8
Net trading loss	—	—	(46.2)	(46.2)	—	(46.2)
Other operating (loss)/gain, net	—	—	(58.8)	(58.8)	62.0	3.2
Operating income	3,284.3	2,685.4	1,712.9	7,682.6	62.0	7,744.6
Operating expense	(1,957.7)	(1,503.0)	(400.7)	(3,861.4)	(48.7)	(3,910.1)
Impairment reversals/ (losses) on assets	318.1	(272.9)	—	45.2	—	45.2
Net gain on disposal of available-for-sale financial assets	—	—	105.4	105.4	1.0	106.4
Profit before tax	1,644.7	909.5	1,417.6	3,971.8	14.3	3,986.1
Income tax expense						(924.9)
Profit for the year						3,061.2
Segment assets	74,940.9	41,263.5	164,728.5	280,932.9	4,612.8	285,545.7
Segment liabilities	62,520.4	149,058.6	50,616.0	262,195.0	920.3	263,115.3
Supplementary information						
Credit commitments	5,229.6	—	—	5,229.6	—	5,229.6
Depreciation and amortisation included in operating expenses	174.1	136.6	20.4	331.1	—	331.1
Capital expenditure	388.7	305.1	45.6	739.4	—	739.4

The Bank
2009

	Corporate banking	Personal banking	Treasury operations	Segment total	Unallocated	Total
External interest income	3,331.5	2,219.9	3,151.6	8,703.0	—	8,703.0
External interest expense	(201.0)	(2,327.5)	(700.0)	(3,228.5)	—	(3,228.5)
Inter-segment interest (expense)/income	(840.9)	1,999.2	(1,158.3)	—	—	—
Net interest income	2,289.6	1,891.6	1,293.3	5,474.5	—	5,474.5
Fee and commission income	35.7	55.1	58.0	148.8	—	148.8
Fee and commission expense	(2.9)	(4.5)	(4.7)	(12.1)	—	(12.1)
Net fee and commission income	32.8	50.6	53.3	136.7	—	136.7
Net trading gain	—	—	8.3	8.3	—	8.3
Other operating income, net	—	—	5.0	5.0	52.3	57.3
Operating income	2,322.4	1,942.2	1,359.9	5,624.5	52.3	5,676.8
Operating expense	(1,630.8)	(1,275.3)	(235.9)	(3,142.0)	(48.7)	(3,190.7)
Impairment reversals/ (losses) on assets	122.4	(245.4)	—	(123.0)	—	(123.0)
Net gain on disposal of available-for-sale financial assets	—	—	121.4	121.4	—	121.4
Profit before tax	814.0	421.5	1,245.4	2,480.9	3.6	2,484.5
Income tax expense						(596.2)
Profit for the year						1,888.3
Segment assets	57,441.5	25,932.7	113,575.9	196,950.1	4,410.6	201,360.7
Segment liabilities	38,319.1	120,017.8	33,286.8	191,623.7	259.7	191,883.4
Supplementary information						
Credit commitments	2,984.0	—	—	2,984.0	—	2,984.0
Depreciation and amortisation included in operating expenses	178.9	141.8	10.3	331.0	—	331.0
Capital expenditure	256.2	203.0	14.7	473.9	—	473.9

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

Difference between the Financial Statements prepared under PRC GAAP and those prepared in accordance with IFRS

In 2010, the total assets and total equity in the consolidated financial statements prepared by the Group in accordance with PRC GAAP amounted to RMB285,081 million and RMB21,965 million respectively; the total assets and total equity in the consolidated financial statements prepared in accordance with IFRS amounted to RMB285,546 million and RMB22,430 million respectively. The differences in total assets and total equity were both RMB465 million, mainly due to RMB440 million of "intangible assets-goodwill" and RMB25 million of carrying amount of "intangible assets-customer relationship", which were recognised on the establishment of the Bank in the consolidated financial statements prepared under IFRS.

In 2010, profit for the year in the consolidated financial statements prepared by the Group in accordance with PRC GAAP amounted to RMB3,110 million; profit for the year in the consolidated financial statements prepared in accordance with IFRS amounted to RMB3,061 million. The difference amounted to RMB49 million, mainly due to RMB49 million of amortisation for "intangible assets -customer relationship" charged to the profit for the year in the consolidated financial statements prepared under IFRS.

The following financial information was disclosed on basis of the contractual amount of loans for the purpose of providing the information for the management to evaluate financial risks. (Please refer to page 6 of basis of preparation of loans and advances to customers shown as contractual amount)

Loans and advances to customers (Contractual amount)

(1) Distributions of loans and advances to customers by corporate and by retail customers are as follows:

(Expressed in RMB million)	**December 31, 2010** **The Group**	**The Bank**	December 31, 2009 The Bank
Corporate loans and advances			
— Loans	**76,612.8**	**76,593.9**	57,569.0
— Discounted bills	**2,929.4**	**2,929.4**	16,148.6
— Trade financing	**2.5**	**2.5**	—
Subtotal	**79,544.7**	**79,525.8**	73,717.6
Retail loans and advances			
— Residential and commercial mortgage loans	**24,003.0**	**24,003.0**	12,333.6
— Personal loans for business purposes	**11,289.5**	**11,125.0**	8,717.8
— Loans to farmers	**3,163.3**	**3,163.3**	4,321.7
— Others	**4,144.6**	**4,144.6**	2,730.4
Subtotal	**42,600.4**	**42,435.9**	28,103.5
Total loans and advances to customers	**122,145.1**	**121,961.7**	101,821.1
Allowance for impairment losses	**(5,031.1)**	**(5,029.3)**	(5,005.4)
Include: Individually assessed	**(624.3)**	**(624.3)**	(947.0)
Collectively assessed	**(4,406.8)**	**(4,405.0)**	(4,058.4)
Loans and advances to customers, net	**117,114.0**	**116,932.4**	96,815.7

(2) Loans and advances to customers by assessment method are set out as follows:

The Group

(Expressed in RMB million, unless otherwise stated)	**Loans and advances for which allowance is collectively assessed (i)**	**Identified impaired loans and advances** For which allowance is collectively assessed	For which allowance is individually assessed	Sub-total	**Total**	**Identified impaired loans and advances as a percentage of gross total loans and advances** *(%)*
December 31, 2010						
Gross loans and advances	119,233.8	1,508.8	1,402.5	2,911.3	122,145.1	2.38
Allowance for impairment losses	(3,262.3)	(1,144.5)	(624.3)	(1,768.8)	(5,031.1)	
Loans and advances to customers, net	115,971.5	364.3	778.2	1,142.5	117,114.0	

The Bank

(Expressed in RMB million, unless otherwise stated)	Loans and advances for which allowance is collectively assessed (i)	Identified impaired loans and advances: For which allowance is collectively assessed	For which allowance is individually assessed	Sub-total	Total	Identified impaired loans and advances as a percentage of gross total loans and advances
						(%)
December 31, 2009						
Gross loans and advances	97,875.1	2,057.9	1,888.1	3,946.0	101,821.1	3.88
Allowance for impairment losses	(2,575.8)	(1,482.7)	(946.9)	(2,429.6)	(5,005.4)	
Loans and advances to customers, net	95,299.3	575.2	941.2	1,516.4	96,815.7	
December 31, 2010						
Gross loans and advances	119,050.4	1,508.8	1,402.5	2,911.3	121,961.7	2.39
Allowance for impairment losses	(3,260.5)	(1,144.5)	(624.3)	(1,768.8)	(5,029.3)	
Loans and advances to customers, net	115,789.9	364.3	778.2	1,142.5	116,932.4	

(3) Allowance for impairment losses on loans and advances to customers

The Group

(Expressed in RMB million)	For the year ended 2010 Individually assessed allowance	Collectively assessed allowance	Total
As at January 1	946.9	4,058.5	5,005.4
Net (reversals)/ additions	(422.8)	427.6	4.8
Written off	(40.9)	(373.2)	(414.1)
Recovery of loans and advances written off in previous years	224.7	350.3	575.0
Unwinding of discount	(83.6)	(56.4)	(140.0)
As at December 31	624.3	4,406.8	5,031.1

The Bank

(Expressed in RMB million)	For the year ended 2010 Individually assessed allowance	Collectively assessed allowance	Total
As at January 1	946.9	4,058.5	5,005.4
Net (reversals)/ additions	(422.8)	425.8	3.0
Written off	(40.9)	(373.2)	(414.1)
Recovery of loans and advances written off in previous years	224.7	350.3	575.0
Unwinding of discount	(83.6)	(56.4)	(140.0)
As at December 31	624.3	4,405.0	5,029.3

	For the year ended 2009		
(Expressed in RMB million)	Individually assessed allowance	Collectively assessed allowance	Total
As at January 1	1,908.6	3,732.1	5,640.7
Net (reversals)/ additions	(829.6)	947.2	117.6
Written off	(414.5)	(907.6)	(1,322.1)
Recovery of loans and advances written off in previous years	437.8	360.5	798.3
Unwinding of discount	(155.4)	(73.7)	(229.1)
As at December 31	946.9	4,058.5	5,005.4

Liquidity ratios

(Expressed in percentages)	**December 31, 2010**	December 31, 2009
RMB current assets to RMB current liabilities	**26.45**	54.12
Foreign currency current assets to foreign currency current liabilities	**946.03**	N/A

Core liabilities ratios

(Expressed in percentages)	**December 31, 2010**	December 31, 2009
Core liabilities ratios [1]	**56.10**	52.55

[1] The Group increased the amount of core liabilities by adjusting its deposits structure, and improved core liabilities ratios through measures such as reducing short-term non-core liabilities derived from the capital market, such as financial assets sold under repurchase agreements and deposits from banks. This indicator as at the end of 2010 increased by 3.55 percentage points as compared to the end of 2009, thus making it closer to regulatory standards.

The above liquidity ratios and core liabilities ratios are calculated in accordance with the formula promulgated by CBRC.

Currency concentrations

The Group

2010

(Expressed in RMB million)	**US Dollars** *(equivalent to RMB)*	**Hong Kong Dollars** *(equivalent to RMB)*	**Others** *(equivalent to RMB)*	**Total**
Spot assets	4,184.8	5,899.3	15.9	10,100.0
Spot liabilities	(176.8)	(378.8)	(13.7)	(569.3)
Net position	4,008.0	5,520.5	2.2	9,530.7

The Bank

2009

(Expressed in RMB million)	US Dollars *(equivalent to RMB)*	Hong Kong Dollars *(equivalent to RMB)*	Others *(equivalent to RMB)*	Total
Spot assets	65.5	1.6	1.0	68.1
Spot liabilities	(26.1)			(26.1)
Net position	39.4	1.6	1.0	42.0

Geographical segment

When information is prepared based on the geographical segments, total operating income is allocated in accordance with the locations of branches recording gains. The table below sets forth the total operating income attributable to County Area branches and Urban Area branches for the periods indicated.

	For the year ended December 31					
	2010			2009		
(Expressed in RMB million)	**County Area[(1)]**	**Urban Area**	**Total**	County Area	Urban Area	Total
Net interest income	**2,002.8**	**5,499.0**	**7,501.8**	1,883.0	3,591.5	5,474.5
Net fee and commission income	**103.4**	**182.4**	**285.8**	91.4	45.3	136.7
Net trading (loss)/gain	**0.0**	**(46.2)**	**(46.2)**	0.0	8.3	8.3
Other operating income/(loss), net	**39.0**	**(35.8)**	**3.2**	44.4	12.9	57.3
Total operating income	**2,145.2**	**5,599.4**	**7,744.6**	2,018.8	3,658.0	5,676.8
Internal transfer of income and expense	**1,972.7**	**(1,972.7)**	**0.0**	1,549.5	(1,549.5)	0.0
Gain after adjustment	**4,117.9**	**3,626.7**	**7,744.6**	3,568.3	2,108.5	5,676.8

(1) County Area refers to the regions other than Urban Area of Chongqing City. In 2010, the data of County Area also includes the data of three subsidiaries namely Jiangsu Zhangjiagang Huaxin Village and Township Bank Co., Ltd. (張家港華信村鎮銀行股份有限公司), Sichuan Dazhu Longyuan Village and Township Bank Co., Ltd. (四川大竹隆源村鎮銀行股份有限公司) and Yunnan Dali Haidong Village and Township Bank Co., Ltd. (雲南大理海東村鎮銀行有限責任公司).

Summary of geographical segment

(Expressed in percentage)	As at December 31 **2010** **County Area**	**Urban Area**	2009 County Area	Urban Area	2008 County Area	Urban Area	2007 County Area	Urban Area
Deposits	**66.66**	**33.34**	69.69	30.31	74.26	25.74	74.07	25.93
Loans	**47.76**	**52.24**	45.28	54.72	55.30	44.70	59.27	40.73
Assets	**48.80**	**51.20**	54.99	45.01	53.83	46.17	55.21	44.79
Return on average total assets	**1.31**	**1.20**	1.01	1.05	1.07	1.76	4.12	1.64
Net fee and commission income to operating income	**2.51**	**5.03**	2.56	2.15	1.58	1.18	0.61	1.87
Cost-to-income ratio	**44.46**	**44.34**	56.32	37.20	52.34	26.12	28.20	31.76
Loan-to-deposit ratio	**42.57**	**93.09**	43.02	119.55	49.43	115.27	62.62	122.93
Non-performing loan ratio	**4.32**	**0.61**	7.20	1.13	12.82	3.57	17.72	6.68
Allowance to non-performing loans	**137.16**	**404.25**	107.45	229.32	80.99	94.30	64.53	58.66

MANAGEMENT DISCUSSION & ANALYSIS

Financial Review

In 2010, the global economy managed to maintain its upturn in growth despite difficulties. With more uneven economic recovery across nations, the national economies of leading economies failed to reconcile with their monetary policies. Notably, the implementation of the quantitative easing policies in US will expose the world economy to greater uncertainties and risks in the future.

To confront the extremely complicated environment at home and abroad, China adhered to active fiscal policies and moderately loose monetary policies in 2010. In response to the global financial crisis, a wide range of measures were fully put in place and optimized on an ongoing basis. Hence, China achieved gross domestic product (GDP) of RMB39,798.3 billion, representing an increase of 10.3% based on comparable prices or 1.1 percentage points in terms of growth rate as compared to the previous year. The growth in national economy looks promising as a whole.

In general, the Chinese financial market had been performing steadily during 2010, with active transactions in the inter-bank market coupled with increase in market interest rate. As at the end of 2010, outstanding broad money (M2) reached RMB72.58 trillion, up 19.7% year on year, whereas outstanding narrow money (M1) reached RMB26.66 trillion, up 21.2% year on year. RMB-and-foreign-currency-denominated loans increased by RMB8.36 trillion, including an increase of 7.95 trillion in RMB-denominated loans and US$74 billion in foreign-currency denominated loans, respectively. RMB-and-foreign-currency-denominated deposits increased by RMB12.14 trillion, including an increase of RMB12.05 trillion in RMB-denominated deposits and an increase of US$20 billion in foreign-currency denominated deposits, respectively.

As a rural commercial bank, the Group took business developments, risk prevention and restructuring into overall consideration and struck a balance among them, thus recording operating results better than expected.

Income Statement Analysis

(Expressed in RMB million, unless otherwise stated)	For the year ended December 31 **2010**	2009	Change in amount	Change *(%)*
Net interest income	**7,501.8**	5,474.5	2,027.3	37.03
Net fee and commission income	**285.8**	136.7	149.1	109.07
Net trading (loss)/gain	**(46.2)**	8.3	(54.5)	(656.63)
Other operating income, net	**3.2**	57.3	(54.1)	(94.42)
Operating income	**7,744.6**	**5,676.8**	**2,067.8**	**36.43**
Operating expenses	**(3,910.1)**	(3,190.7)	(719.4)	22.55
Impairment reversals/(losses) on assets	**45.2**	(123.0)	168.2	(136.75)
Net gain from disposal of available-for-sale financial assets	**106.4**	121.4	(15.0)	(12.36)
Profit before tax	**3,986.1**	**2,484.5**	**1,501.6**	**60.44**
Income tax expense	**(924.9)**	(596.2)	(328.7)	55.13
Profit for the year	**3,061.2**	**1,888.3**	**1,172.9**	**62.11**

In 2010, the profit before tax of the Group amounted to RMB3,986 million, representing an increase of 60.44% as compared to the previous year; profit for the year amounted to RMB3,061 million, representing an increase of 62.11% as compared to the previous year. The increase in profit before tax and profit for the year exceeded 60% as compared to 2009, primarily attributable to: first, our substantial restructuring on deposit portfolio and loan structure, which had driven the net interest income to increase by RMB2,027 million or 37.03% as compared to the previous year; second, a rapid growth of RMB149 million or 109.07% in net fee and commission income constantly driven by proactive development of new services and product innovation and third, the increase of 36.46% in average balance of interest-earning assets, which had partly offset the impact of the decrease in interest yield.

Net Interest Income

In 2010, the net interest income of the Group amounted to RMB7,502 million, representing an increase of RMB2,027 million or 37.03% as compared to the previous year and accounting for 96.86% of the Bank's total operating income.

The following table sets forth, for the years indicated, the interest income, interest expense and net interest income of the Group.

(Expressed in RMB million, unless otherwise stated)	For the year ended December 31 **2010**	2009	Change in amount	Change *(%)*
Interest income	**11,473.4**	8,703.0	2,770.4	31.83
Interest expense	**(3,971.6)**	(3,228.5)	(743.1)	23.02
Net interest income	**7,501.8**	**5,474.5**	**2,027.3**	**37.03**

The table below sets forth, for the years indicated, the average balances of our interest-earning assets and interest-bearing liabilities, related interest income or interest expense and average yields (for assets) or average costs (for liabilities).

(Expressed in RMB million, except percentages)	**For the year ended December 31, 2010** Average balance	Interest income/ expense	Average yield/cost (%)	For the year ended December 31, 2009 Average balance	Interest income/ expense	Average yield/cost (%)
Assets						
Loans and advances to customers	**113,577.1**	**7,110.1**	**6.26**	99,642.0	6,160.7	6.18
Debt securities investments	**68,423.8**	**2,869.0**	**4.19**	43,341.2	1,912.8	4.41
Deposits with central bank	**29,610.3**	**447.4**	**1.51**	20,472.1	312.3	1.53
Deposits with banks and other financial institutions	**32,487.5**	**1,046.9**	**3.22**	15,428.5	317.2	2.06
Total interest-earning assets	**244,098.7**	**11,473.4**	**4.70**	**178,883.8**	**8,703.0**	**4.87**
Liabilities						
Due to customers	**181,920.4**	**2,607.7**	**1.43**	136,845.6	2,528.5	1.85
Deposits from banks and other financial institutions	**47,245.1**	**1,363.9**	**2.89**	30,064.0	700.0	2.33
Total interest-bearing liabilities	**229,165.5**	**3,971.6**	**1.73**	**166,909.6**	**3,228.5**	**1.93**
Net interest income		**7,501.8**			**5,474.5**	
Net interest spread			**2.97**			**2.94**
Net interest margin			**3.07**			**3.06**

Under the influence of interest rates and macro-economic control, the average yield on overall interest-earning assets dropped by 17 basis points to 4.70% as compared to the previous year.

The average cost for due to customers decreased as compared to the previous year, which was partly offset by the increase in the average cost of deposits from banks and other financial institutions, resulting in a drop of 20 basis points in average cost of overall interest-bearing liabilities to 1.73% as compared to the previous year.

Due to adjustments in interest rate by the People's Bank of China ("PBOC") and mismatched re-pricing of loans and deposits, the decline in the average yield of interest-earning assets was less than that of the average cost for interest-bearing liabilities, resulting in a rise of 3 basis points in net interest spread to 2.97% as compared to the previous year, whereas the net interest margin was driven up by 1 basis point to 3.07%.

The following table sets forth the changes in the Group's interest income and interest expense due to changes in volume and rate. Changes in volume are measured by the movement of the average balance, while changes in the interest rate are measured by the movement of the average interest rate.

(Expressed in RMB million)	**Volume factor**	**Rate factor**	**Changes in interest income/ expense**
Assets			
Loans and advances to customers	861.6	87.8	949.4
Debt securities investments	1,107.0	(150.8)	956.2
Deposits with central bank	139.4	(4.3)	135.1
Deposits with banks and other financial institutions	350.7	379.0	729.7
Changes in interest income	**2,458.7**	**311.7**	**2,770.4**
Liabilities			
Due to customers	832.9	(753.7)	79.2
Deposits from banks and other financial institutions	400.0	263.9	663.9
Changes in interest expense	**1,232.9**	**(489.8)**	**743.1**

Interest Income

In 2010, the interest income of the Group amounted to RMB11,473 million, representing an increase of RMB2,770 million or 31.83% as compared to the previous year.

Interest Income from Loans and Advances to Customers

The average balance, interest income and average yield for each component of loans and advances to customers of the Group are set forth as follows:

(Expressed in RMB million, unless otherwise stated)	**For the year ended December 31, 2010** **Average balance**	**Interest income**	**Average yield (%)**	For the year ended December 31, 2009 Average balance	Interest income	Average yield (%)
Corporate loans	**71,016.0**	**4,027.7**	**5.67**	47,691.1	3,269.3	6.86
Retail loans	**34,178.5**	**2,742.4**	**8.02**	25,520.9	2,219.9	8.70
Discounted bills	**8,382.6**	**340.0**	**4.06**	26,430.0	671.5	2.54
Total loans and advances to customers	**113,577.1**	**7,110.1**	**6.26**	**99,642.0**	**6,160.7**	**6.18**

Interest income from loans and advances to customers increased by RMB949 million or 15.41% to RMB7,110 million as compared to the previous year, primarily due to the increase in both average balance and average yield of loans and advances to customers as compared to the previous year.

Interest Income from Debt Securities Investments

In 2010, the Group's interest income from debt securities investments increased by RMB956 million or 49.99% to RMB2,869 million as compared to the previous year, primarily due to a decline in average yield of debt securities investment, which was offset by the increase in its average balance.

Interest Income from Deposits with Central Bank

In 2010, the Group's interest income from deposits with central bank increased by RMB135 million or 43.26% to RMB447 million as compared to the previous year, primarily due to a 44.64% increase in average balance of deposits with central bank as compared to the previous year following a substantial increase in deposits from customers and the upward adjustment of the statutory deposit reserve ratio.

Interest Income from Deposits with Banks and Other Financial Institutions

The average balance, interest income and average yield for each component of deposits with banks and other financial institutions of the Group are set forth as follows:

(Expressed in RMB million, unless otherwise stated)	**For the year ended December 31, 2010**			For the year ended December 31, 2009		
	Average balance	**Interest income**	**Average yield** *(%)*	Average balance	Interest income	Average yield *(%)*
Deposits with banks and other financial institutions	**6,554.6**	**176.4**	**2.69**	6,911.1	102.9	1.49
Financial assets held under resale agreements	**25,932.9**	**870.5**	**3.36**	8,517.4	214.3	2.52
Total deposits with banks and other financial institutions	**32,487.5**	**1,046.9**	**3.22**	**15,428.5**	**317.2**	**2.06**

In 2010, the interest income from deposits with banks and other financial institutions of the Group increased by RMB74 million or 71.43% to RMB176 million as compared to the previous year, primarily due to sustained hike of interest rates in the money market, which drove the average yield of deposits with banks up by 120 basis points to 2.69% as compared to the previous year.

In 2010, the interest income from financial assets held under resale agreements increased by RMB656 million or 306.21% to RMB871 million, primarily due to a 204.47% increase in average balance as the Group increased bonds and bills held under resale agreements to raise short-term fund utilisation efficiency.

Interest Expense

In 2010, the Group's interest expense increased by RMB743 million or 23.02% to RMB3,972 million as compared to the previous year.

Interest Expense on Due to Customers

The average balance, interest expense and average cost for each component of due to customers of the Group are set forth as follows:

(Expressed in RMB million, unless otherwise stated)	**For the year ended December 31, 2010**			For the year ended December 31, 2009		
	Average balance	**Interest expense**	**Average cost** *(%)*	Average balance	Interest expense	Average cost *(%)*
Corporate deposits						
Demand	**36,207.0**	**216.3**	**0.60**	24,837.6	142.6	0.57
Time	**12,061.8**	**125.4**	**1.04**	3,475.8	58.4	1.68
Subtotal	**48,268.8**	**341.7**	**0.71**	**28,313.4**	**201.0**	**0.71**
Retail deposits						
Demand	**37,949.1**	**136.3**	**0.36**	27,190.2	107.9	0.40
Time	**95,702.5**	**2,129.7**	**2.23**	81,342.0	2,219.6	2.73
Subtotal	**133,651.6**	**2,266.0**	**1.70**	**108,532.2**	**2,327.5**	**2.14**
Total due to customers	**181,920.4**	**2,607.7**	**1.43**	**136,845.6**	**2,528.5**	**1.85**

In 2010, the interest expense on due to customers of the Group increased by RMB79 million or 3.13% to RMB2,608 million as compared to the previous year, primarily due to a decline of 42 basis points in the average cost of due to customers to 1.43%, as a result of the Group's endeavors to improve the composition of due to customers as well as adjustments of interest rates by PBOC, effects of which were partially offset by the increase in average balance.

Interest Expense on Deposits from Banks and Other Financial Institutions

The average balance, interest expense and average cost for each component of deposits from banks and other financial institutions of the Group are set forth as follows:

(Expressed in RMB million, unless otherwise stated)	**For the year ended December 31, 2010**			For the year ended December 31, 2009		
	Average balance	**Interest expense**	**Average cost** *(%)*	Average balance	Interest expense	Average cost *(%)*
Deposits from banks and other financial institutions	**8,167.3**	**221.3**	**2.71**	3,034.0	76.9	2.53
Financial assets sold under repurchase agreements	**36,777.8**	**1,016.1**	**2.76**	27,030.0	623.1	2.31
Debt securities issued	**2,300.0**	**126.5**	**5.50**	0.0	0.0	0.00
Total deposits from banks and other financial institutions	**47,245.1**	**1,363.9**	**2.89**	**30,064.0**	**700.0**	**2.33**

In 2010, the interest expense on deposits from banks and other financial institutions of the Group increased by RMB664 million or 94.84% to RMB1,364 million, primarily due to the recovery of the capital market and the increase in average balance and average cost of deposits from banks and other financial institutions as compared to the previous year.

In 2010, the interest expense on deposits from banks and other financial institutions of the Group increased by RMB144 million or 187.78% to RMB221 million as compared to the previous year, primarily due to increases in the average balance and average cost of deposits from banks and other financial institutions.

In 2010, the interest expense on financial assets sold under repurchase agreements of the Group increased by RMB393 million or 63.07% to RMB1,016 million as compared to the previous year, primarily due to increases in the average balance and average cost of financial assets sold under repurchase agreements.

Debt Securities Issued

The interest costs on subordinated bonds of the Group were RMB127 million and nil respectively as of December 31, 2010 and 2009, as we issued subordinated bonds in December 2009. The average balances were RMB2,300 million and nil for 2010 and 2009, respectively.

Net Interest Spread and Net Interest Margin

Net interest spread is the difference between the average yield on interest-earning assets and the average cost on interest-bearing liabilities. Net interest margin is the ratio of net interest income to the average balance of total interest-earning assets.

In 2010, the net interest spread of the Group increased by 3 basis points to 2.97% as compared to the previous year, the increase of which reflected a smaller decline in the average yield of interest-earning assets from the previous year than the decline in the average cost of interest-bearing liabilities over the previous year.

In 2010, the net interest income of the Group increased by RMB2,027 million or 37.03% to RMB7,502 million as compared to the previous year. In 2010, the average balance of interest-earning assets of the Group increased by 36.46%. As the growth in net interest income outstripped that of the average balance of interest-earning assets, the net interest margin of the Group increased by 1 basis point from the previous year to 3.07% in 2010.

Net Fee and Commission Income

In 2010, the net fee and commission income of the Group increased by RMB149 million or 109.07% to RMB286 million as compared to the previous year, and its proportion in operating income increased by 1.28 percentage points to 3.69%, primarily due to increase in consulting and financial advisory fee, agency service fees, bank card fees and settlement and clearance fees.

(Expressed in RMB million, unless otherwise stated)	For the year ended December 31, **2010**	2009	Change in amount	Change *(%)*
Fee and commission income	**308.9**	**148.8**	**160.1**	**107.59**
Settlement and clearance fees	**34.2**	11.6	22.6	194.83
Agency commissions	**103.3**	76.4	26.9	35.21
Bank card fees	**54.3**	36.8	17.5	47.55
Custodian and other fiduciary service fees	**16.8**	14.0	2.8	20.00
Consulting and advisory fee	**90.9**	8.6	82.3	956.98
Others	**9.4**	1.4	8.0	571.43
Fee and commission expense	**(23.1)**	**(12.1)**	**(11.0)**	**90.91**
Net fee and commission income	**285.8**	**136.7**	**149.1**	**109.07**

Settlement and Clearance Fees

In 2010, settlement and clearance fees increased by RMB23 million or 194.83% to RMB34 million as compared to the previous year, primarily due to an increase in the number of our clients and growth of our business following active marketing efforts and improvement in services.

Agency Commissions

In 2010, agency commissions increased by RMB27 million or 35.21% to RMB103 million as compared to the previous year, primarily due to aggressive market expansion and continuous growth in insurance agency business.

Bank Card Fees

In 2010, bank card fees increased by RMB18 million or 47.55% to RMB54 million as compared to the previous year, primarily due to continued stable growth in consumer spending (消費交易額) and transactions through self-service facilities (自助設備交易額) following the continuous increase in resources invested, optimised customer structure and improvement in card quality.

Custodian and Other Fiduciary Fees

In 2010, custodian and other fiduciary fees increased by RMB3 million or 20.00% to RMB17 million, primarily due to acceleration of channel construction and the increase in payroll services and the collection of utilities and telecommunications payments.

Consulting and Advisory Fees

In 2010, consulting and advisory fees increased by RMB82 million or 956.98% to RMB91 million as compared to the previous year, primarily due to our commitment to provide customers with diversified financial advisory services, catering to their individual needs and requirements in investment and finance, and the rapid growth we achieved in this area.

Others

In 2010, other fee and commission income increased by RMB8 million, or 571.43% to RMB9 million as compared to the previous year, primarily attributable to refinement of business system, upgrade of service standard and active promotion of foreign exchange services, guarantee services and wealth management services.

Fee and Commission Expenses

In 2010, fee and commission expenses increased by RMB11 million or 90.91% to RMB23 million as compared to the previous year, primarily because we actively diversified the distribution channels and settlement mechanisms for our fee and commission based products and services to improve our efficiency, which resulted in increase in expenses such as bank card and settlement fees.

Net Trading (Loss)/Gain

Net trading (loss)/gain primarily comprises changes in the fair value of held-for-trading debt securities and gain/(loss) arising from trading. In 2010, our net trading loss was RMB46 million, primarily due to restructuring of debt securities investment portfolio.

Other Operating Income, Net

In 2010, other operating income, net decreased by RMB54 million to RMB3 million as compared to the previous year, primarily because the gain from assets disposal and leasing was offset by the net loss in foreign exchange.

Net Gain/(Loss) on Disposal of Available-for-sale Financial Assets

The following table sets forth, for the years indicated, our net gain on available-for-sale financial assets:

(Expressed in RMB million, unless otherwise stated)	**For the year ended December 31, 2010**	2009	Change in amount	Change *(%)*
Net gain on disposal of available-for-sale financial assets	**106.4**	121.4	(15.0)	(12.36)

Operating expenses

In 2010, the operating expenses of the Group increased by RMB719 million, or 22.55% to RMB3,910 million as compared to the previous year.

(Expressed in RMB million, unless otherwise stated)	For the year ended December 31, **2010**	2009	Change in amount	Change (%)
Staff costs	**2,341.1**	1,809.7	531.4	29.36
Business tax and surcharges	**471.5**	396.5	75.0	18.92
Depreciation and amortisation	**331.1**	331.0	0.1	0.03
Others	**766.4**	653.5	112.9	17.28
Total operating expenses	**3,910.1**	**3,190.7**	**719.4**	**22.55**

Staff Costs

Staff costs are the largest component of operating expenses of the Group, accounting for 59.87% and 56.72% of its total operating expenses for the years ended December 31, 2010 and 2009 respectively.

(Expressed in RMB million, unless otherwise stated)	For the year ended December 31, **2010**	2009	Change in amount	Change (%)
Staff costs				
Salaries, bonuses and allowances	**1,574.0**	1,341.7	232.3	17.31
Staff welfare, social insurance and housing funds	**405.9**	390.7	15.2	3.89
Others	**361.2**	77.3	283.9	367.27
Total staff costs	**2,341.1**	**1,809.7**	**531.4**	**29.36**

In 2010, staff costs of the Group increased by RMB531 million or 29.36% to RMB2,341 million as compared to the previous year, primarily due to an increase of RMB232 million in salaries, bonuses and allowances as compared to the previous year following the provision of higher and better compensation schemes to its staff that aim to continually improve staff quality by offering market competitive compensation which attract and retain talented personnel. The increase of staff costs was also attributable to an increase of RMB275 million in retirement and internal retirement benefits over the previous year as a result of the increase in retirement and internal retirement benefits in a bid to alleviate the impact of inflation on the lives of our staff, as well as the increased number of retired and internally retired employees.

Business Tax and Surcharges

Business tax and surcharges mainly relate to revenue generated from our provision of financial products and services with respect to lending (interest income), transfer of securities, financial advisory services, and other financial services. Business tax and surcharges increased by RMB75 million or 18.92% to RMB472 million in 2010 as compared to the previous year.

Depreciation and Amortisation

Depreciation and amortisation expenses increased by 0.03% to RMB331.1 million for the year ended December 31, 2010 as compared to RMB331.0 million for the same period of 2009 as changes in our fixed assets remained stable throughout the year.

Others

For the year ended December 31, 2010, other general and administrative expenses increased by 17.28% to RMB766 million as compared to RMB654 million in the same period of 2009, primarily due to greater business expansion and additional cost in security measures.

Impairment Reversals/(Losses) on Assets

Impairment reversals/(losses) on assets consist primarily of provisions charged on loans and other assets. Provisions charged for impairment losses recorded a net gain of RMB45 million for the year ended December 31, 2010 as compared to an expense of RMB123 million for the same period of 2009. The change in impairment losses was primarily due to improvement in our asset quality and the recovery of loans and advances in 2010 which were written off in the previous years.

The following table sets forth, for the years indicated, the principal components of our provisions charged for impairment losses on assets.

(Expressed in RMB million, unless otherwise stated)	For the year ended December 31, **2010**	2009	Change in amount	Change *(%)*
Impairment reversals/(losses) on assets				
Loans and advances to customers	**4.8**	117.5	(112.7)	(95.91)
Other impairment (reversals)/losses on assets	**(50.0)**	5.5	(55.5)	(1,009.09)
Total impairment (reversals)/losses on assets	**(45.2)**	**123.0**	**(168.2)**	**(136.75)**

In 2010, provision for impairment on loans and advances recorded RMB5 million as compared to RMB118 million for the year 2009, primarily due to the Group's aspiration to strengthen risk management and improve quality of loans, and together with the increase in recovery of loans and advances written off in previous years.

In 2010, provision for impairment on other assets recorded a net gain of RMB50 million as compared to an expense of RMB6 million for the year 2009. This mainly reflected to the Bank's efforts in enhancing the quality control over its assets and management.

Profit Before Tax

In 2010, the Group's profit before tax increased by RMB1,502 million or 60.44% to RMB3,986 million as compared to the previous year.

Income Tax Expense

The applicable income tax rate of the Group was 25%. The effective tax rates of the Group in 2010 and 2009 were 23.20% and 24.00% respectively.

The following table sets forth the profit before tax and income tax expense for the years ended December 31, 2010 and 2009.

(Expressed in RMB million, unless otherwise stated)	For the year ended December 31, **2010**	2009	Change in amount	Change *(%)*
Profit before tax	**3,986.1**	2,484.5	1,501.6	60.44
Tax calculated at applicable statutory tax rate of 25%	**996.5**	621.2	375.3	60.42
Add/(less) the tax effect of the following items:				
Non-deductible expenses	**47.9**	36.0	11.9	33.06
Non-taxable income	**(119.5)**	(61.0)	(58.5)	95.90
Income tax expense	**924.9**	**596.2**	**328.7**	**55.13**

Profit For the Year

In 2010, profit for the year increased by RMB1,173 million or 62.11% to RMB3,061 million as compared to the previous year.

Analysis on Statement of Financial Position

Assets

The following table sets forth, for the dates indicated, the composition of the Group's total assets (Contractual amount). (Please refer to page 6 of basis of preparation of loans and advances to customers shown as contractual amount)

(Expressed in RMB million, unless otherwise stated)	**As at December 31, 2010**		As at December 31, 2009	
	Amount	**% of Total** *(%)*	Amount	% of Total *(%)*
Loans and advances to customers, net	**117,114.0**	**41.02**	96,815.7	48.08
Loans and advances to customers, gross[3]	**122,145.1**	**42.78**	101,821.1	50.57
Allowances for impairment losses on loans and advances to customers[3]	**(5,031.1)**	**(1.76)**	(5,005.4)	(2.49)
Investment securities[1]	**59,373.2**	**20.79**	40,881.8	20.30
Cash and balances with central bank	**37,321.6**	**13.07**	27,415.9	13.62
Deposits with banks and other financial institutions	**17,220.2**	**6.03**	10,154.4	5.04
Placements with other financial institutions	**2,000.0**	**0.70**	—	—
Financial assets held under resale agreements	**37,158.0**	**13.01**	13,374.2	6.64
Financial assets held for trading	**482.2**	**0.17**	—	—
Financial assets designated as at fair value through profit or loss	**8,046.0**	**2.82**	6,548.6	3.25
Goodwill	**440.1**	**0.15**	440.1	0.22
Other assets[2]	**6,390.4**	**2.24**	5,730.0	2.85
Total assets	**285,545.7**	**100.00**	201,360.7	100.00

Notes:

(1) Investment securities consist of available-for-sale financial assets, held-to-maturity investments, debt securities classified as receivables;

(2) Other assets consist of fixed assets, intangible assets, deferred tax assets, and other assets;

(3) Loans to customers, gross and allowances for impairment losses on loans to customers were disclosed on basis of the contractual amount, resulting in discrepancies with those set out in the consolidated financial statements prepared under the IFRS.

As at December 31, 2010, the Group's total assets amounted to RMB285,546 million, an increase of RMB84,185 million, or 41.81% as compared to the previous year. Among which:

(1) The amount of gross loans to customers increased by RMB20,324 million, or 19.96%, as compared to the previous year. This was primarily due to the fact that the Group increased loans to prime projects and key customers under effective risk control, whilst extending its loan support to areas with great market potentials and robust customer demand in line with the features in the economic development of Chongqing;

(2) Investment securities increased by RMB18,491 million or 45.23%, primarily due to increased holdings of government bonds, bonds issued by policy banks and unsecured bonds with high ratings;

(3) Cash and deposits with central bank increased by RMB9,906 million, or 36.13% as compared to the previous year, primarily due to the rise of the statutory deposit reserve ratio, together with the increase in required deposit reserve, as a result of a substantial increase in deposits from customers;

(4) The total amounts of deposits with banks and other financial institutions and placements with other financial institutions increased by RMB9,066 million, primarily due to considerable increase in deposits with banks;

(5) Financial assets held under resale agreements surged by RMB23,784 million and their proportion to total assets went up by 6.37 percentage points as compared to the previous year. This was mainly because the Group increased holdings on bonds and bills held under resale agreements in order to enhance capital utilization efficiency.

(1) Loans to customers (Contractual amount)

(Expressed in RMB million, unless otherwise stated)	**As at December 31, 2010**		As at December 31, 2009	
	Amount	**% of Total** *(%)*	Amount	% of Total *(%)*
Corporate loans	**76,612.8**	**62.73**	57,569.0	56.54
Short-term loans[(1)]	**9,573.3**	**7.84**	13,316.4	13.08
Medium- and long-term loans[(2)]	**67,039.5**	**54.89**	44,252.6	43.46
Retail loans	**42,600.4**	**34.87**	28,103.5	27.60
Residential mortgage and personal commercial property loans [(3)]	**24,003.0**	**19.65**	12,333.6	12.11
Personal business and re-employment loans [(4)]	**11,289.5**	**9.24**	8,717.8	8.56
Loans to farmers[(5)]	**3,163.3**	**2.59**	4,321.7	4.24
Others[(6)]	**4,144.6**	**3.39**	2,730.4	2.69
Discounted bills	**2,929.4**	**2.40**	16,148.6	15.86
Trade financing	**2.5**	**—**		—
Loans to customers, gross	**122,145.1**	**100.00**	101,821.1	100.00

(1) Short-term loans primarily consist of loans with contractual maturities of one year or less.

(2) Medium- and long-term loans primarily consist of loans with contractual maturities over one year.

(3) Residential mortgage and personal commercial property loans primarily consist of personal mortgage loan and second mortgage loans and loans to retail customers to acquire property for small business purposes, such as store premises.

(4) Personal business and re-employment loans primarily consist of personal loans for business purposes, personal working capital loans and employment and re-employment related small amount loans.

(5) Loans to farmers primarily consists of rural cross-guaranteed loans, rural small credit loans and rural home appliance consumption loans.

(6) Others primarily consist of personal car loans, loans for personal durable goods and personal education loans.

As at December 31, 2010, the amount of gross loans to customers of the Group increased by RMB20,324 million, or 19.96% to RMB122,145 million as compared to the previous year.

Corporate loans increased by RMB19,044 million, or 33.08% to RMB76,613 million as compared to the previous year, and accounted for 62.73% of total loans and advances to customers, 6.19 percentage points higher than that of the previous year. In 2010, the Group actively adjusted the lending structure in support of the state's industrial policy, and focused on the sectors of infrastructure construction such as electricity, water, highways, environment, railway transportation, urban construction and public utility management. Additional loans to water resources, environment and public utility management amounted to RMB8,764 million during the year, accounting for an increase of 9.6 percentage points in its proportion in corporate loans as compared to the previous year.

The Group also reinforced credit structural adjustment and risk control by looking closely into the general direction and development trend of the industry whilst diligently adopting a differentiated approach to loan extension plans based on different regions, customers and industries under the strategy of "promoting some loans while curtailing others, advancing the superior while exiting the inferior" (有保有壓、有進有退). Strict control was imposed on industries with high pollution, high energy consumption and excess capacity (兩高一剩), as well as the real estate industry. In particular, the balance of corporate loans to the real estate industry decreased by 8.68 percentage points as compared with the beginning of the year.

Our retail loans increased by RMB14,497 million or 51.58% to RMB42,600 million as compared to the previous year, which accounted for 34.87% of total loans and advances to customers with a rise of 7.27 percentage points. Among which, the residential and commercial property mortgage loans, mainly to finance self-occupied home purchases, rose by RMB11,669 million, or 94.61%; personal loans for business purposes grew by RMB2,572 million, or 29.50%; and other loans increased by RMB1,414 million, or 51.79%. In face of complicated market changes, the Group took active measures to avoid systemic risk in markets, and primarily met credit needs of premium personal customers.

Discounted bills decreased by RMB13,219 million, or 81.86% to RMB2,929 million as compared with the previous year, largely due to proactive adjustments to the lending structure, downsizing of discounting business with relatively low yielding alongside the increase in loan business with higher returns.

(2) Distribution of loans by type of collateral (Contractual amount)

The following table sets forth, for the dates indicated, the distribution of loans to customers by type of collateral.

(Expressed in RMB million, unless otherwise stated)	**As at December 31, 2010**		As at December 31, 2009	
	Amount	**% of Total** *(%)*	Amount	% of Total *(%)*
Unsecured loans	**14,423.7**	**11.81**	13,471.9	13.23
Guaranteed loans	**24,171.2**	**19.79**	14,643.6	14.38
Collateralised loans	**73,132.5**	**59.87**	50,276.0	49.38
Pledged loans	**10,417.7**	**8.53**	23,429.6	23.01
Loans to customers, gross	**122,145.1**	**100.00**	101,821.1	100.00

(3) Allowance for Impairment Losses on Loans and Advances to Customers (Contractual amount)

		For the year ended December 31, 2010		
	Allowance for impairment losses on loans and advances which is collectively assessed [(1)]	Allowance for impairment losses on identified impaired loans and advances[(2)]		
(Expressed in RMB million)		For which allowance is collectively assessed	For which allowance is individually assessed	Total
As at January 1	2,575.8	1,482.7	946.9	5,005.4
Net additions/(reversals)	686.5	(258.9)	(422.8)	4.8
Written off	—	(373.2)	(40.9)	(414.1)
Recovery of loans and advances written off in previous years	—	350.3	224.7	575.0
Unwinding of discount on allowance	—	(56.4)	(83.6)	(140.0)
As at December 31	3,262.3	1,144.5	624.3	5,031.1

(1) Loans and advances for which allowance is collectively assessed consist of loans and advances which have not been specifically identified as impaired.

(2) Identified impaired loans and advances include loans for which objective evidence of impairment exists and which have been identified as bearing an impairment loss and assessed either individually or collectively.

In 2010, the Group adhered to its prudent principle and was in strict compliance with the relevant requirements of accounting standards, so as to provide sufficient allowances for impaired loans and advances whilst fully considering external economic dynamics and macro monitoring policies. As at December 31, 2010, balance of allowances for impairment losses on loans and advances to customers increased by RMB26 million to RMB5,031 million over the previous year, and the coverage ratio for provisions increased by 45.96 percentage points to 172.81% as compared to the previous year.

Investments

The following table sets forth, for the dates indicated, the composition of the Group's investments.

(Expressed in RMB million, unless otherwise stated)	**December 31, 2010**		December 31, 2009	
	Amount	**% of Total** *(%)*	Amount	% of Total *(%)*
Financial assets held for trading	**482.2**	**0.71**	—	—
Financial assets designated as at fair value through profit or loss	**8,046.0**	**11.85**	6,548.6	13.81
Available-for-sale financial assets	**1,444.4**	**2.13**	1,400.4	2.95
Held-to-maturity investments	**36,708.9**	**54.06**	24,207.3	51.04
Debt securities classified as receivables	**21,219.9**	**31.25**	15,274.1	32.20
Total investments	**67,901.4**	**100.00**	47,430.4	100.00

As at December 31, 2010, total investments increased by RMB20,471 million to RMB67,901 million as compared to the previous year. Financial assets held for trading amounted to RMB482 million, which was fully attributable to the increased holding of certificate treasury bonds for 2010. Financial assets designated as at fair value through profit or loss increased by RMB1,497 million or 22.87%, primarily due to increased holdings of trading debt securities. Available-for-sale financial assets and held-to-maturity investments increased by RMB44 million and RMB 12,502 million respectively, primarily due to increased holdings of bonds issued by the government, PBOC and policy banks. Debt securities classified as receivables increased by RMB5,946 million as compared to the previous year, primarily due to increased holding of bonds issued by the government and PBOC, as well as purchase of high-yielding wealth management products.

Debt Securities Investments

The following table sets forth, for the dates indicated, the composition of debt securities investments of the Group.

(Expressed in RMB million, unless otherwise stated)	**December 31, 2010**		December 31, 2009	
	Amount	**% of Total** *(%)*	Amount	% of Total *(%)*
Government bonds	**12,938.5**	**19.07**	11,310.3	23.97
Public sector, quasi-government bonds	**14,484.4**	**21.35**	5,500.7	11.66
Financial institution bonds	**3,269.7**	**4.82**	3,848.0	8.16
Corporate bonds	**9,854.8**	**14.53**	6,443.0	13.65
Debt instruments issued by financial institutions	**27,291.0**	**40.23**	20,082.6	42.56
	67,838.4	**100.00**	47,184.6	100.00

Liabilities

The following table sets forth, for the dates indicated, the composition of total liabilities of the Group.

(Expressed in RMB million, unless otherwise stated)	**December 31, 2010**		December 31, 2009	
	Amount	**% of Total** *(%)*	Amount	% of Total *(%)*
Due to customers	**205,563.0**	**78.13**	153,776.4	80.14
Deposits from banks and other financial institutions	**11,711.8**	**4.45**	4,135.6	2.16
Financial assets sold under repurchase agreements	**35,762.7**	**13.59**	26,505.6	13.81
Debt securities issued	**2,300.0**	**0.87**	2,300.0	1.20
Other liabilites (1)	**7,777.8**	**2.96**	5,165.8	2.69
Total liabilities	**263,115.3**	**100.00**	191,883.4	100.00

(1) Other liabilities consist of accrued staff costs, taxes payable, interest payable and other payables.

As at December 31, 2010, total liabilities increased by RMB71,232 million or 37.12% to RMB263,115 million as compared to the previous year. Due to customers are our largest source of capital, which grew by RMB51,787 million or 33.68% and its proportion in total liabilities decreased by 2.01 percentage points to 78.13% as compared to the previous year. Deposits from banks and other financial institutions increased by RMB7,576 million or 183.19% as compared to the previous year.

Due to Customers

(Expressed in RMB million, unless otherwise stated)	**December 31, 2010**		December 31, 2009	
	Amount	**% of Total** *(%)*	Amount	% of Total *(%)*
Corporate deposits	**55,519.6**	**27.01**	33,772.5	21.96
Demand deposits	**45,290.7**	**22.03**	31,097.2	20.22
Time deposits	**10,228.9**	**4.98**	2,675.3	1.74
Retail deposits	**145,146.5**	**70.61**	116,902.7	76.02
Demand deposits	**43,946.0**	**21.38**	31,742.4	20.64
Time deposits	**101,200.5**	**49.23**	85,160.3	55.38
Security deposits	**4,846.7**	**2.36**	3,033.3	1.98
Other deposits	**50.2**	**0.02**	67.9	0.04
Total due to customers	**205,563.0**	**100.00**	**153,776.4**	**100.00**

As at December 31, 2010, due to customers increased by RMB51,787 million or 33.68% to RMB205,563 million as compared to the previous year. Corporate deposits increased by RMB21,747 million or 64.39% as compared to the previous year, the proportion of which in due to customers rose by 5.05 percentage points to 27.01%, primarily due to improved corporate liquidity in line with the economic upturn in China and the Bank's greater efforts in marketing to corporate customers. Demand deposits increased by RMB26,397 million or 42.01% to RMB89,237 million as compared to the previous year, outpacing the growth in time deposits by 15.15 percentage points. Its proportion in total due to customers increased by 2.55 percentage points to 43.41% as compared to the previous year, primarily due to the fact that demand deposits had taken up a larger share of the corporate deposits.

Shareholders' Equity

The following table sets forth, for the dates indicated, the composition of shareholders' equity of the Group.

(Expressed in RMB million, unless otherwise stated)	**December 31, 2010**		December 31, 2009	
	Amount	**% of Total** *(%)*	Amount	% of Total *(%)*
Share capital	**9,000.0**	**40.12**	6,000.0	63.31
Capital reserve	**8,202.7**	**36.57**	586.2	6.19
Investment revaluation reserve	**16.5**	**0.07**	65.7	0.69
Surplus reserve	**575.5**	**2.57**	263.9	2.78
General and regulatory reserve	**1,904.2**	**8.49**	491.8	5.19
Retained earnings	**2,646.3**	**11.80**	2,069.7	21.84
Equity attributable to shareholders of the Bank	**22,345.2**	**99.62**	**9,477.3**	**100.00**
Non-controlling shareholders	**85.2**	**0.38**	—	—
Total equity	**22,430.4**	**100.00**	**9,477.3**	**100.00**

As at December 31, 2010, paid-in capital increased by RMB3,000 million to RMB9,000 million as compared to the previous year, primarily due to the Group's proceeds of RMB1,000 million raised from state-owned shareholders and RMB2,000 million raised from the issue of H shares of the Bank, which was listed on the Main Board of the Hong Kong Stock Exchange. Capital reserve increased by RMB7,617 million as compared to the previous year, primarily due to share premiums. General and regulatory reserve increased by RMB1,412 million as compared to the previous year, as the general and regulatory reserve was required to be not less than 1% of year-end balance of risk assets.

Capital Adequacy Ratio

The following table sets forth, for the dates indicated, the relevant information of the Bank's capital adequacy ratio.

(Expressed in RMB million, unless otherwise stated)	**As at December 31, 2010**	As at December 31, 2009
Core capital adequacy ratio) *(%)* (1)	**14.78**	8.14
Capital adequacy ratio *(%)* (2)	**16.31**	10.23
Components of capital base		
Share capital	**9,000.0**	6,000.0
Capital reserve which can be included	**7,616.5**	—
Surplus reserve and general and regulatory reserve	**2,479.7**	755.6
Unappropriated profit	**2,768.1**	2,142.8
Non-controlling shareholders' interests	**85.2**	—
Core capital	**21,949.5**	8,898.4
Deductible items	**(44.6)**	(58.7)
Net core capital	**21,904.9**	8,839.7
Supplementary capital:		
Reserve of fair value changes of available-for-sale financial assets (3)	**8.2**	32.9
Long-term subordinated bonds	**2,300.0**	2,300.0
Total capital base before deductions	**24,257.7**	11,231.3
Deductions:		
Other deductible items	**89.2**	106.4
Equity investments which are not consolidated	**—**	11.1
Total capital base after deductions	**24,168.5**	11,113.9
Risk-weighted assets and market risk capital adjustment (4)	**148,206.7**	108,589.6

(1) Core capital adequacy ratio is calculated by dividing the net amount of core capital, which is after deductions of 50% unconsolidated equity investments, by risk-weighted assets and market risk capital adjustment.

(2) Capital adequacy ratio is calculated by dividing total capital base after deductions by risk-weighted assets and market risk capital adjustment.

(3) The reserve arising from the cumulative net positive changes in the fair value of available-for-sale financial assets is excluded from the core capital and 50% of the balance is included in the supplementary capital.

(4) The amount of market risk capital adjustment equals 12.5 times of the market risk capital.

Calculated in accordance with the Administrative Measures on the Capital Adequacy Ratio of Commercial Banks promulgated by CBRC and relevant requirements, the Bank's capital adequacy ratio and core capital adequacy ratio as at December 31, 2010 increased by 6.08 percentage points and 6.64 percentage points, to 16.31% and 14.78% respectively, as compared to the end of the previous year.

Loan Quality Analysis (Contractual Amount)

Distribution of Loans by the Five-Category Classification (the Group)

The following table sets forth, for the dates indicated, the distribution of the Bank's loans by the five-category loan classification under which non-performing loans are classified into substandard, doubtful and loss categories.

	As at December 31, 2010		As at December 31, 2009	
		% of total		% of total
(Expressed in RMB million, unless otherwise stated)	***Amount***	***(%)***	*Amount*	*(%)*
Normal	**105,981.2**	**86.77**	81,083.1	79.63
Special mention	**13,252.6**	**10.85**	16,792.0	16.49
Substandard	**869.2**	**0.71**	1,018.4	1.00
Doubtful	**2,029.7**	**1.66**	2,854.1	2.80
Loss	**12.4**	**0.01**	73.5	0.08
Total loans and advances to customers	**122,145.1**		101,821.1	
Amount of non-performing loans	**2,911.3**		3,946.0	
Non-performing loan ratio *(%)*	**2.38**		3.88	

In 2010, the Bank strengthened its examination and evaluation of the macro-economic environment, tightened its control over credit acceptance and kept restructuring its credit portfolio. Risk surveillance was conducted in respect of major industries and substantial loans alongside accelerated development and application of risk measurement tools, improved early risk warning and post disbursement management as well as quickened disposal of non-performing loans, resulting in continuous improvement in credit asset quality. As at December 31, 2010, the balance of non-performing loans dropped by RMB1,035 million from the previous year to RMB2,911 million; while the non-performing loan ratio was 2.38%, 1.5 percentage points down from the previous year. Besides, the proportions of substandard and doubtful loans were on a decline. The amount of special mention loans accounted for 10.85%, 5.64 percentage points down from the previous year.

Distribution of Loans and Non-performing Loans by Product Type (the Group)

The following table sets forth, for the dates indicated, the loans and non-performing loans by product type.

(Expressed in RMB million, unless otherwise stated)	**As at December 31, 2010**				As at December 31, 2009			
	Loan Amount	**Non-performing loan Amount**	**Percentage of total**	**Non-performing loan ratio** *(%)*	Loan Amount	Non-performing loan Amount	Percentage of total	Non-performing loan ratio *(%)*
Corporate loans	**76,615.3**	**1,486.2**	**51.05**	**1.94**	57,569.0	1,955.3	49.55	3.40
Short-term loans	**9,575.8**	**208.1**	**7.15**	**2.17**	13,316.4	441.7	11.19	3.32
Medium- and long-term loans	**67,039.5**	**1,278.1**	**43.90**	**1.91**	44,252.6	1,513.6	38.36	3.42
Retail loans	**42,600.4**	**1,425.1**	**48.95**	**3.35**	28,103.5	1,990.7	50.45	7.08
Residential mortgage and personal commercial property loans	**24,003.0**	**97.7**	**3.36**	**0.41**	12,333.6	212.2	5.38	1.72
Personal business and re-employment loans	**11,289.5**	**467.7**	**16.06**	**4.14**	8,717.8	687.6	17.43	7.89
Loans to farmers	**3,163.3**	**649.4**	**22.31**	**20.53**	4,321.7	815.5	20.67	18.87
Others	**4,144.6**	**210.3**	**7.22**	**5.07**	2,730.4	275.4	6.97	10.09
Discounted bills	**2,929.4**				16,148.6			
Total	**122,145.1**	**2,911.3**		**2.38**	101,821.1	3,946.0		3.88

As at December 31, 2010, the non-performing loans ratio for corporate loans decreased by 1.46 percentage points to 1.94% and that for personal loans dropped by 3.73 percentage points to 3.35% as compared to the previous year.

Distribution of Loans and Non-performing loans by Industry (the Group)

The following table sets forth, for the dates indicated, the loans and non-performing loans by industry.

(Expressed in RMB million, unless otherwise stated)	**As at December 31, 2010**				As at December 31, 2009			
	Loan Amount	**Non-performing loan Amount**	**Percentage of total**	**Non-performing loan ratio (%)**	Loan Amount	Non-performing loan Amount	Percentage of total	Non-performing loan ratio (%)
Total corporate loans	**76,615.3**	**1,486.2**	**51.05**	**1.94**	57,569.0	1,955.3	49.55	3.40
Manufacturing	**22,279.7**	**312.0**	**10.72**	**1.40**	17,020.6	513.2	13.01	3.02
Production and supply of electricity, gas and water	**4,751.8**	**20.6**	**0.71**	**0.43**	4,948.8	40.2	1.02	0.81
Real estate	**12,188.5**	**616.1**	**21.16**	**5.05**	14,157.5	750.6	19.01	5.30
Leasing and commercial services	**1,306.1**	**142.4**	**4.89**	**10.90**	4,021.5	18.0	0.46	0.45
Water, environment and public utilities management	**12,925.7**	**2.4**	**0.08**	**0.02**	4,161.8	0.4	0.01	0.01
Construction	**6,019.9**	**24.8**	**0.85**	**0.41**	3,026.2	89.4	2.27	2.95
Wholesale and retail	**4,414.7**	**80.0**	**2.75**	**1.81**	2,718.5	110.3	2.80	4.06
Others	**12,728.9**	**287.9**	**9.89**	**2.26**	7,514.1	433.2	10.97	5.77
Personal loans	**42,600.4**	**1,425.1**	**48.95**	**3.35**	28,103.5	1,990.7	50.45	7.08
Discounted bills	**2,929.4**				16,148.6			
Total	**122,145.1**	**2,911.3**		**2.38**	101,821.1	3,946.0		3.88

In 2010, the Bank continued to revise its industry profile whilst formulating guidelines on the industrial distribution of loans and risks. It also used lists to manage customers in exiting category, enhanced its supervision on high-risk industries and pioneered a trial management on industry quotas. As a result, the Bank maintained a double-dip in non-performing loans to both real estate and manufacturing industries and their corresponding non-performing loan ratios, evidenced by the decrease of RMB135 million and RMB201 million in non-performing loans and the decrease of 0.25 percentage points and 1.62 percentage points in non-performing loan ratios as compared to the previous year, respectively.

The structure of overdue loans classified by overdue periods

Overdue Assets

The total amount of overdue loans and advances to customers categorized by the following overdue periods (the Group)

	As at December 31, 2010		As at December 31, 2009	
		Percentage of the total		*Percentage of the total*
	Amount	***loans***	*Amount*	*loans*
(Expressed in RMB million, unless otherwise stated)		***(%)***		*(%)*
Past due for 90 days	**1,561.6**	**1.28**	1,834.2	1.80
Past due for 90 to 360 days	**952.8**	**0.78**	1,828.3	1.80
Past due for 360 days to 3 years	**1,325.9**	**1.08**	1,506.0	1.48
Past due for more than 3 years	**733.3**	**0.60**	378.4	0.37
Total	**4,573.6**	**3.74**	5,546.9	5.45

As at December 31, 2010, the total amount of overdue loans amounted to RMB4,574 million, RMB973 million down from the end of the previous year,. The percentage of overdue loans accounted for 3.74%, 1.71 percentage points down from the previous year.

Analysis of Off-balance-sheet Items

Off-balance-sheet items of the Group include acceptance of bills of exchange, issuance of letters of credit, letters of guaranteed funds, receivables under export letters of credit, collection of foreign exchange funds receivables, collection of foreign exchange funds, foreign letters of credit by faith and wealth management, among which, acceptance of bills of exchange and issuance of letters of credit were deemed as key business segments. As at December 31, 2010, the balances of amount from acceptance of bills of exchange and letters of credit were RMB4,844 million and RMB337 million, respectively.

Significant Accounting Estimates and Judgments

In determining the carrying amounts of some assets and liabilities and the related profit or loss during the reporting period with its accounting policies, the Group makes estimates and judgments in certain aspects. These estimates and judgments involve assumptions about items such as risk adjustment to cash flows or discount rates used, and future changes in prices affecting other costs. The Group makes estimates and assumptions based on historical experience and expectations of future events, and reviews them on a regular basis. In addition, the Group needs to make further judgments in respect of the application of accounting policies. The Group's management believes that the estimates and judgments made by the Group reflect appropriately the economic context the Group was subject to. The major areas affected by the estimates and judgments include: loans and advances to customers, supplementary retirement benefit and early retirement benefit obligation, fair value of financial instruments, classification of held-to-maturity investments, and income taxes. Please refer to Note "Critical accounting judgments and key sources of estimated uncertainty" in the audited financial statements of the annual report.

BUSINESS OPERATION

Corporate Banking Business

The following table sets forth the major operation figures of the corporate banking business and changes thereof:

(Expressed in RMB million, unless otherwise stated)	**For the year ended December 31, 2010**	For the year ended December 31, 2009	Changes *(%)*
Net interest income	**3,214.2**	2,289.6	40.38
Net fee and commission income	**70.1**	32.8	113.72
Operating income	**3,284.3**	2,322.4	41.42
Operating expenses	**(1,957.7)**	(1,630.8)	20.05
Impairment reversals on assets	**318.1**	122.4	159.89
Profit before tax	**1,644.7**	814.0	102.05
	December 31, 2010	December 31, 2009	
Segment assets	**74,940.9**	57,441.5	30.46

In 2010, the total profit before tax from the corporate banking business increased by 102.05% to RMB1,600 million over the previous year, accounting for 41.26% of the Bank's profit before tax, up 8.49 percentage points over the previous year, remaining to be the Bank's primary source of profit. The overall growth in corporate loan business of the Group had driven the net interest income of the Bank to increase by 40.38% over the previous year. Following its financial restructuring and establishment as a commercial bank, the Bank is able to develop and offer a broad array of fee and commission-based products and services. This, together with its aspiration of marketing its consulting and financial advisory services to corporate customers, raised the net fee and commission income by 113.72% to RMB70 million. Due to ongoing credit expansion and more prudent operation of the Group, expenses from impairment reversals on assets increased by 159.89% over the previous year.

Corporate deposits maintained fast growth momentum. The Group strived to capture the corporate deposit market and continued to achieve rapid growth in corporate deposits. As at December 31, 2010, the balance of corporate deposits of the Group reached RMB60,400 million, including margin deposits and other deposits, which accounted for 29.39% of the total balance of deposits of the Group whilst posting a growth of RMB23,500 million or 63.85% over the previous year, boasting the fastest growth in corporate deposits in history. Such achievement not only helped the Group break the rule of a 20/80 deposit composition but also drove the Group's deposits to exceed RMB200,000 million in 2010.

A prudent and moderate credit policy was adopted for corporate loans. On credit extension, the Group persisted in operating in compliance with laws and abided by the principle of "promoting some loans while curtailing others". The Group effectively observed the macro economic control policy of the country and expanded its corporate loan business in a prudent, steady and appropriate manner. As at December 31, 2010, the balance of corporate loans amounted to RMB79,500 million (including discounted bills), representing an increase of RMB5,800 million or 7.87% over the previous year. Excluding the effect of the decrease in discounts, the balance of corporate loans actually increased by RMB19,000 million or 33.09%. Meanwhile, asset quality of corporate loans continued to improve, with outstanding non-performing loans (excluding discounted bills) and non-performing loan ratio of RMB1,500 million and 1.94%, respectively, representing a decrease of RMB500 million and 1.46 percentage points respectively.

The structure of credit assets was further optimized. On industry structure, in adherence to Chongqing's industry strategy of "making substantial investments, building large bases and developing pillar industries" and with reference to the actual conditions of its three major segments, namely "IT, modern equipment manufacturing and heavy chemical", the Group focused on extending loans to the manufacturing, water conservancy and environment and public utility management, production and supply of electricity, gas and water, and retail and wholesale industries, which accounted for 29.08%, 16.87%, 6.20% and 5.76% of the total amount of corporate loans of the Group (excluding discounted bills) , respectively. In working on its customer profile, the Group remained committed to forging closer collaboration with quality enterprises among the top 500 enterprises in the world, top 500 enterprises of China, top 100 enterprises of Chongqing, industry leaders as well as government institutions whilst maintaining and strengthening its partnership with prime SME customers. As at December 31, 2010, the Bank had a total of 2,448 SME customers with RMB64,000 million loans outstanding with us (including discounted bills), accounting for 80.50% of the balance of loans. The Group continued to grant loans principally to quality customers with sound credit record, with customers with a credit rating of AA and above accounting for 59.81% of its outstanding loans (including discounted bills). As regards industries which are subject to macro-economic control by the country, the balance of loans to the real estate sector amounted to RMB12,200 million, RMB2,000 million or 14.08% down from the previous year.

The product lines of corporate banking had also been gradually refined. With reference to the requirements of the "Three Measures and One Guideline" of the CBRC, the Bank had revised and refined its Measures for the Administration of Fixed Assets Loans (《固定資產貸款管理辦法》), Measures for the Administration of Working Capital Loans (《流動資金貸款管理辦法》) and relevant operational regulations. Meanwhile, the Bank gave full consideration to market needs. Apart from optimizing Measures for the Administration of Business Property Loans (《經營性物業貸款管理辦法》) and Measures for the Administration of Corporate Deposits (《單位存款管理辦法》), the Bank also devised new regulations such as Measures for the Administration of Domestic Factoring Business (《國內保理業務管理辦法》) and Measures for the Administration of Pledge and Credit Extension in Respect of Floating Assets (《浮動資產抵押授信業務管理辦法》) for four of its new businesses, which will further perfect the product lines of the Bank's corporate banking business.

The setting up of the position of corporate customer manager started to take effect. Since the launch of the corporate customer manager mechanism in July 2009, the Bank established a team of corporate customer managers and improved their overall quality by stepping up efforts in their education and training whilst strengthening the management on the admission and exit criteria as well as assessment of these managers, thereby increasing the number of corporate customer managers, improving their comprehensive quality and facilitating growth in its corporate banking business.

Our specialized operation for small enterprise business have gained progress as scheduled. In April 2009, the Group established Small Enterprises Loan Centre, the first credit institution which specifically serves small enterprises in Chongqing, and greater efforts were made in promoting specialized operation for small enterprise business. Platforms were set up to specifically serve small enterprises in strict compliance with the "Mechanism of six mechanisms", and guidance and support were given to the overall development of its SME franchise bank-wide. As at December 31, 2010, the Group had established 10 sub-branches of small enterprise loan centres operating under the model of "credit factory", actively promoted small enterprise products such as "Easy Loan" (商易貸), continued to improve and optimize the ancillary rating system of small enterprises and enhanced risk control and market analysis. As at December 31, 2010, the Bank extended loans totalling RMB30,300 million (including discounted bills) to 2009 small enterprises. While promotion of the newly developed cross-guaranteed loans was in full swing, "Trade financing" for small enterprises will soon be launched to provide better service to small enterprise customers.

The contribution of intermediary business has grown much more significant. The Group's fee and commission income mainly includes settlement and clearance fees, agency service fees, collection and payment charges as well as fees of consulting and financial advisory. Since 2009, the Group started to provide consulting and financial advisory services to corporate customers. Hence, as at December 31, 2010, its income from financial advisory increased by RMB82 million or 956.98% to RMB91 million over the previous year, accounting for 29.43% of the total fees and commission income of the Group.

The expansion of our institutional business proved to be a remarkable success. On December 31, 2010, the Bank has commenced extensive cooperation with competent authorities of the Chongqing Municipal Government and became a bank partner of the centralized finance and treasury payment system in Chongqing (重慶市財政國庫集中支付系統), the supervisory bank regarding capital used in real estate development in Chongqing (重慶市房地產開發項目資本金監管銀行) as well as the agency bank undertaking non-taxation business in Chongqing City (重慶市非稅業務代理銀行). The Bank cooperated with the Industrial and Commercial Bank of China and executed the Cooperation Agreement on the Establishment of an Inter-bank Business Platform (《銀銀平臺合作協議》), pursuant to which the Bank will undertake third party fiduciary services for funds from securities transactions and kick-start "Guimiantong" service ("櫃面通") through the inter-bank business platform. Following the launch of social security financial services, the Group has also become the only financial services bank to handle urban and rural social pension insurance for residents in Chongqing City. In Chongqing City, 7,700,000 people have already been paid and distributed pension insurance through the bank, which generated an annual capital flow of more than RMB3,000 million. As at December 31, 2010, the balance of capital was as much as RMB1,000 million. Meanwhile, the Bank gained RMB1,800 million by undertaking insurance business and had a leading market share compared to its peers.

International banking business registered significant growth. As at December 31, 2010, the volume of international settlement handled by the Group amounted to US$486 million. Agency sale and purchase of foreign exchange and agency foreign currency trading increased by 617.83% and 1621.29% over the previous year, respectively and aggregated to US$289 million, thus ranking first among local financial institutions and taking the lead among certain sino-foreign-invested banks on this front. Apart from providing international settlement services such as remittances, letters of credit and entrusted collection, the Group also timely offered trade finance products such as delivery against bank guarantees, export bills of credit/ discount, forfeiting, import bills of credit, packing loan and import refinancing to cater for diverse needs of its customers. As regards exchange risk control, a stronger Renminbi had prompted the Group to decrease the holding of open positions with foreign exchange sale and purchase exposure to mitigate losses from changes in exchange rates. Meanwhile, it also actively expanded its import business to achieve coordinated development with its sale and purchase of foreign exchange. It also conducted price enquiry for each foreign exchange settlement and closed out open positions to control and ensure maximized gains from exchange.

Personal Banking Business

The table below sets forth the particulars of operating results and relevant changes of the retail banking segment.

(Expressed in RMB million, unless otherwise stated)	**For the year ended December 31, 2010**	For the year ended December 31, 2009	Changes (%)
Net interest income	**2,590.2**	1,891.6	36.93
Net fee and commission income	**95.2**	50.6	88.14
Operating income	**2,685.4**	1,942.2	38.27
Operating expense	**(1,503.0)**	(1,275.3)	17.85
Impairment losses on assets	**(272.9)**	(245.4)	11.21
Profit before tax	**909.5**	421.5	115.78
	As at December 31, 2010	As at December 31, 2009	
Segment assets	**41,263.5**	25,932.7	59.12

The retail banking business of the Group recorded a profit before tax of RMB909.5 million, up 115.78% over the previous year, representing a more remarkable contribution to the Group's profit. The steady increase of retail loans triggered growth of 38.27% and 36.93% in operating income and net interest income of the retail banking business of the Group as compared to the previous year. In addition, driven by the blistering growth of personal bank card and agent businesses, the net fee and commission income of the Group increased by 88.14% over the previous year, thus propping up a profit growth of the retail banking business for the year.

Retail Deposits

Backed by the vibrant economic growth in Chongqing, the Bank took full advantage of its exceptional regional brand recognition and strove to align its brand value services with key marketing campaigns, with an emphasis on the business promotion and sales during key business hours of peak seasons, of high-end major customers and key projects in target markets. Our efforts paid off as evidenced by an increase of 24.12% or RMB28,200 million in retail deposits over the end of the previous year to RMB145,100 million. The Bank topped the league in terms of the amount, annul growth and market share of retail deposits.

Retail Loans

The Group achieved a solid growth in retail loans, taking the lead in the local financial market in terms of stock and increment together with a sharp increase in residential mortgage loans. With a view to becoming the largest and the best local retail bank, the Group managed to further consolidate its leading presence in retail loans business on the strength of the improvement in credit structure, the innovation of retail credit products as well as the adjustment on customer and product structure.

Leveraging the specialized marketing strategies of the retail loan centers, the Group provided the customers with professional and effective retail loan services to such end as to streamline business process and standardizing operation procedures. 28 retail loan centers were set up in the year while by the end of the year, the number will reach 39. Based upon the segmented customer base and in line with the changes of market demand, the Bank provided differentiated retail loan products and services (newly-added or renovated on the existing product structure) such as the public housing fund loans, the second-hand housing mortgage loans and financing housing loans. The retail loans of the Bank increased by RMB14,497 million to RMB42,600 million, among which personal residential mortgage loans posted a growth of RMB11,150 million to RMB22,269 million. Both the increment and stock of retail loans of the Bank ranked first in the local market.

Policy loans saw a steady growth. The government-supported employment and re-employment related small amount loans, a cutting-edge policy-based loan project of the Bank, had remarkably contributed to the employment conditions of the urban and rural citizens of Chongqing and the profitability of the Company, thus leading to a win-win result with regard to economic profit and social responsibility. The policy-based loans of the Bank increased by RMB774 million to RMB2,023 million with its increment and stock in the leading position compared with other counterparts in China.

Treasury Business

The following table sets forth the major operating information and changes related to treasury business of the Group:

(Expressed in RMB million, unless otherwise stated)	**As at December 31, 2010**	As at December 31, 2009	Change *(%)*
Net interest income	**1,697.4**	1,293.3	31.25
Net fee and commission income	**120.5**	53.3	126.08
Net trading (loss)/gain	**(46.2)**	8.3	(656.63)
Other operating (expense)/income, net	**(58.8)**	5.0	(1,276.00)
Operating income	**1,712.9**	1,359.9	25.96
Operating expense	**(400.7)**	(235.9)	69.86
Net gain on disposal of available-for-sale financial assets	**105.4**	121.4	(13.18)
Profit before tax	**1,417.6**	1,245.4	13.83

	December 31, 2010	December 31, 2009	
Segment assets	**164,728.5**	113,576.0	45.04

Pursuant to macro policy, and capital changes in the financial market, the treasury business of the Group aims to strike a balance among the security, liquidity and profitability of its asset portfolio, which mainly covers investment in bonds (including debt instruments), discounted bills, credit asset transfer, deposits from banks and placements to banks.

Confronted with intricate economic conditions at home and abroad and intensified uncertainties in external operating environment in 2010, the Group flexibly coped with the changes in domestic and international financial markets and the trend of market interest rate, duly adjusted its investment transaction strategy and conducted streamlined investment management. With liquidity demands and risks under control, the business maintained a steady growth as a whole. With an increase of RMB172 million or 13.83% in its profit before tax to RMB1,418 million as compared with the end of the previous year, it contributed to 35.56% of the Group's profit and became its important source of profit.

FINANCIAL BUSINESS IN COUNTY AREA

The banking business in County Area has been a long-term strategic focus, and also one of the Group's major sources of revenues. The Group provides diversified financial services for customers in County Area through 31 branches located in County Area and their 1,457 distribution outlets as well as three village and township banks. During the reporting period, the Group brought into full play its advantage in interactive linkage between urban and rural areas (城鄉聯動優勢), deepened internal reforms, stimulated innovation in financial services, kept on increasing the total financial supply in County Area, leading to the rapid growth of financial services in County Area. As at December 31, 2010, the loan balance of the banking business in County Area amounted to RMB54,876 million, representing an increase of RMB11,018 million or 25.12% over the end of last year, non-performing loan ratio stood at 4.32%, a decrease of 2.88% over the end of last year; the deposit balance amounted to RMB137,020 million, an increase of RMB29,838 million or 27.84% over the end of last year.

INTERNAL MECHANISM REFORM

Organisational Structure

The Group set up County Area Banking Commission headed by senior management. It is responsible for formulating strategic plans for the overall development of County Area Banking Business, management policies and operation standards. County Area Banking Department was established to implement decisions on County Area Banking business made by County Area Banking Commission and provide professional operation and management for County Area banking business by coordinating with relevant departments, County Area Banking Department has three centres under it, namely "financial service centre for farmers, financial service centre of agriculture industrialization, and Sannong Financial Product Planning and Developing centre", which are responsible for policy studies, system formulation, research and development of products, customer marketing and credit management.

Credit Management

In 2010, the Group revised systems such as management measures, operation standards and authorisation of credit business, and streamlined the business process of Sannong credit business. We arranged special staff to examine and approve loans, established a team of customer managers and stepped up efforts in investigation, review and examination of loans of County Area in a bid to improve efficiency and tighten up management.

Assessment and Incentives

We further improved the comprehensive assessment system of branches in County Area, formulated separately the credit plan for County Area banking business, offered more incentives and strengthened the assessment, and kept on increasing the resource contributed to County Area credit.

CORPORATE BANKING BUSINESS IN COUNTY AREA

During the reporting period, centered on the key banking businesses in County Area such as agriculture industrialization, countryside urbanization, commodity circulation of County Area, infrastructure of the countryside, small and medium-sized enterprises of County Area, specialized farmers' cooperative, the Group continued to, with leading enterprises in the industry as its main target customers, tighten classified management of corporate customers, strive to foster core customer groups and energetically intensify marketing efforts. For flagship companies of the industry, we developed integrated banking services plans, improved our banking services, consolidated and deepened the cooperative relations between banks and enterprises.

As at December 31, 2010, the corporate loan balance of the Group's banking business in County Area stood at RMB31,413 million, representing 39.49% of the corporate loan balance of the Group, up RMB3,808 million or 13.79% over the end of last year.

PERSONAL BANKING BUSINESS IN COUNTY AREA

During the reporting period, the Group devised and implemented special marketing plans in a bid to drive the growth of personal banking business in County Area. Targeting at high-end farmers in County Area, individual and private business owners, farmer-entrepreneurs and mid-and-high-end premium customers among urban and rural residents, we vigorously developed personal products for specific areas, launched loans secured by rural residential housing on a trial basis, developed loans for farm produce preservation guarantee, mortgage loans for agricultural machinery, secured loans for the income increase of RMB10,000 for farmers in the northeast and northwest of Chongqing to satisfy diversified credit needs in County Area.

As at December 31, 2010, as the only bank in Chongqing offering the new type of old-age insurance services in rural areas, the Group carried out social old-age insurance agency services for urban and rural residents in 31 districts/counties throughout the city, with a coverage of 7.70 million people. Departments of finance and social insurance of the city and district/county opened 95 social insurance accounts with the Group, with the capital balance of RMB985 million. In 2010, the number of individual pensions withheld by the Group amounted to 6.05 million, totalling RMB1,390 million; the number of individual pensions paid by the Group as an agent amounted to 18.69 million, totalling RMB2,321 million. These services provide the Group with an extensive customer base and go a long way towards stabilizing customer resources and facilitating the development of our businesses.

The Group stepped up its efforts for the construction and overall arrangement of the electronic channels in County Area and vigorously marketed the Jiangyu Card and Jiangyu Xiangqing Card. As at December 31, 2010, the Group owned 539 ATM machines and 168 multi-media enquiry machines in County Area; issued 5.9985 million debit cards and 21,300 credit cards in County Area, representing 79.23% and 75% respectively of those issued by the Bank. With the electronic equipment put in place and the number of cards increasing, the Group is well poised to keep on expanding the customer base in County Area and increase the penetration of banking business in County Area, and build good business relationship with customers.

As at December 31, 2010, the personal loan balance of the Group's banking business in County Area stood at RMB26,923 million, representing 63.20% of the personal loan balance of the Group, up RMB8,427 million or 45.56% over the end of last year.

MAJOR SUBSIDIARIES

Jiangsu Zhangjiagang Huaxin County Bank Co., Ltd was established by the Bank as the first Village and Township Bank in April 2010, with a registered capital of RMB60 million, RMB30.60 million of which was contributed by the Bank, accounting for 51% of its shareholding. Zhangjiagang Huaxin County Bank came up with three new product lines, namely the Wealth Enlightenment (創富之光) Sannong loans, Business Partners (創業夥伴) SME loans and the Wonderful Life (精彩人生) personal loans in addition to the traditional financial products. As at the end of 2010, the assets of Zhangjiagang Huaxin County Bank amounted to RMB360 million.

Sichuan Dazhu Longyuan County Bank Co., Ltd. was the second Village and Township Bank established by the Bank on November, 2010, and it was also the first Village and Township Bank we set up in mid-west China. The bank had a registered capital of RMB60 million, RMB30.60 million of which was contributed by the Bank, accounting for 51% of its shareholding. Dazhu Longyuan County Bank propped up SME and give support to individual businesses and the economy of County Areas as part of its mission to serve Sannong, and initiated, along with conventional financial products, a variety of SME loan such as "Easy Loan" ("便捷貸") and "Development Loan" ("發展貸") as well as a myriad of personal loans for consumption and employment assistance. As at the end of 2010, the assets of Dazhu Longyuan County Bank amounted to RMB65 million.

Yunnan Dali Haidong Village and Bank Co., Ltd. was the third Village and Township Bank set up by the Bank on December, 2010, with a registered capital of RMB60 million. The Bank made a contribution of RMB30.60 million, accounting for 51% of its shareholding. Leveraging its traditional credit business, Yunnan Dali Haidong Village and Bank combined with the key features of Dali in pressing ahead the development of business lines such as employment assistance retail loans, small enterprise working capital loans and personal consumption loans. As of the end of 2010, the assets of Yunnan Dali Haidong Village and Bank reached RMB60 million.

OUTLOOK

In 2011, the global economy will be picking up slowly but China's economy will be on the track of more steady and rapid growth. As juxtaposed to a global economy troubled by problems such as trade imbalance, debt crisis, exchange rate disputes and excess liquidity, China experienced more vigorous economic restructuring, more prudent monetary policies, a market-oriented interest rate and accelerating reforms on its Renminbi exchange rate regime.

In 2011, given the rise in domestic labor costs amidst China's economic restructuring as well as mounting pressure from imported inflation under continued implementation of quantitative monetary easing policies in major developed countries worldwide, there exists great pressure on the commodity price in China. In view of the numerous factors which may drive commodity price upward, the underlying risk of inflation shall not be overlooked.

A mix of factors will keep excessive growth in credit under control in 2011, including a moderate and tight monetary policy, a stricter credit control, the cumulative effect of rising reserve requirement ratio as well as the tightening and deepening of austere control over the real estate market. Higher requirements for the capital adequacy ratio, coupled with the implementation of new regulatory policies such as differential deposit reserve ratios and stronger supervision on loan-to-deposit ratios are expected to restrain expansion of bank credits.

Year 2011 heralds the start of China's Twelfth Five-Year Plan and the Bank's strategy to become one of the most competitive regional commercial banks in China. The Bank will embark on the new year to cement its leading position in County Area markets, together with an unwavering commitment to expanding its city banking business and improving fund pricing and cost management to realize differentiation in development and requite the shareholders and the society with the best results.

DETAILS OF SECURITIES ISSUANCE AND LISTING

On December 16, 2010, the Bank issued 2,000,000,000 H shares in its overseas IPO, and disposed 185,509,601 shares on behalf of the National Council for Social Security Fund of the PRC ("NCSSF") (Note: accordingly, the existing 7,000,000,000 non-overseas listed shares of the Bank were reduced by 185,509,601 shares to 6,814,490,399 shares). A total of 2,185,509,601 H shares were listed and traded on the main board of the Hong Kong Stock Exchange at an offer price of HK$5.25 per share. Upon completion of the overseas IPO, the total number of shares of the Bank was 9,000,000,000 and the paid-in capital was RMB9,000,000,000.

ISSUE OF BONDS

On December 29, 2009, the Bank issued 10-year subordinated bonds with an aggregate principal amount of RMB2,300 million in accordance with approvals issued by the PBOC and the CBRC. These subordinated bonds were offered to members of the bonds market including insurance companies and traded on the interbank bonds market. There was no default by the Bank in respect of either repayment of the principal and interests of these subordinated bonds or any matters in connection therewith in 2010.

PARTICULARS OF SHAREHOLDINGS

At the end of the reporting period, the Bank had a total of 9,000,000,000 shares, comprising 6,814,490,399 non-overseas listed shares and 2,185,509,601 overseas listed H shareholders.

OTHER INFORMATION

Purchase, Sale or Redemption of Listed Securities of the Company

Neither the Bank nor its subsidiaries had purchased, sold or redeemed any listed securities of the Bank during the reporting period.

Corporate Governance

As the Bank was just listed on the Hong Kong Stock Exchange on December 16, 2010, the code provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Listing Rules did not apply to the Bank before the date of listing. The manner in which the principles and code provisions in the CG Code are applied and implemented by the Bank will be further explained in the Corporate Governance Report which is incorporated in the Annual Report to be issued.

Profits and Dividends

Profits for the year ended December 31, 2010 and the financial conditions of the Group on that day are set out on the sections headed "Consolidated Income Statement" and "Consolidated Statement of Financial Position" respectively of this announcement.

Pursuant to the resolutions passed at the 2009 annual general meeting on May 26, 2010, the Bank has paid a final cash dividend of RMB6 cents per share (tax inclusive) for 2009, in the aggregate amount of RMB360 million, to all its shareholders who registered as members of the Bank on December 31, 2009.

Pursuant to the resolutions passed at the 2010 second extraordinary general meeting on November 26, 2010, the Bank distributed special dividends to the pre-IPO shareholders. A cash dividend of RMB0.06 per share (tax inclusive) was distributed to the holders of the original 6 billion shares, and RMB0.0436 per share (tax inclusive) was distributed to holders of 1 billion shares which were newly issued at the end of March 2010, totalling RMB403.6 million.

As the Bank was listed in Hong Kong on December 16, 2010 and given the short period of time commencing from its listing to the date of financial year end, the Board did not propose any dividends for the year ended December 31, 2010.

The amount of cash dividends and ratios of cash dividends to profit for the year of the Bank for the previous three years are as follows:

(Expressed in RMB million, unless otherwise stated)	**2009**	**2008**	**2007**
Cash dividends	360.0	232.1	N/A[1]
As a percentage of profit for the year *(%)*	19.06	11.63	N/A[1]

1. This index was not applicable as the Bank was a secondary legal entity prior to its establishment in June, 2008.

ANNUAL GENERAL MEETING AND CLOSURE OF SHARE REGISTER OF MEMBERS

The Annual General Meeting of the Bank for the year 2010 will be held on Thursday, May 19, 2011. In order to determine the holders of shares who are eligible to attend and vote at the Annual General Meeting, the Bank's register of members will be closed from Tuesday, April 19, 2011 to Thursday, May 19, 2011, both days inclusive, during which period no transfer of shares will be registered. For those holders of H shares of the Bank who wish to attend the Annual General meeting for 2010, all share transfer documents accompanied by the relevant share certificates must be lodged with the Bank's H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, April 18, 2011.

RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement will be published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Bank's website (www.cqrcb.com) respectively.

The Bank will dispatch to holders of H shares at appropriate time annual report for 2010 incorporating the complete information under the requirements of the Listing Rules, and publish it on the website of the Bank and The Stock Exchange of Hong Kong Limited.

REVIEW OF THE ANNUAL RESULTS

The audit committee has reviewed the Bank's annual results for the year 2010. Deloitte Touche Tohmatsu CPA Ltd. has audited the financial statements prepared by the Bank in accordance with the PRC GAAP, whereas Deloitte Touche Tohmatsu has audited the financial statements prepared by the Bank in accordance with International Financial Reporting Standards, each of whom have respectively issued unmodified audit opinion.

By Order of the Board
Chongqing Rural Commercial Bank Co., Ltd.
重慶農村商業銀行股份有限公司
Liu Jianzhong
Chairman

March 25, 2011

As at the date of this announcement, the Executive Directors are Mr. Liu Jianzhong and Mr. Tan Yuansheng; the Non-Executive Directors are Mr. Tao Jun, Mr. Tu Jianhua, Mr. Wen Honghai, Mr. Wang Yongshu, Mr. Gao Xiaodong and Mr. Wu Xiufeng; and the Independent Non-Executive Directors are Mr. Xu Bin, Mr. Pu Yongjian and Ms. Ran Hua.