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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 2011

The board of directors (the "**Board**") of Chongqing Rural Commercial Bank Co., Ltd.* 重慶農村商業銀行股份有限公司* (the "**Bank**") is pleased to announce the audited results of the Bank and its subsidiaries (the "**Group**") for the year ended December 31, 2011. This announcement complies with the relevant requirements of the Hong Kong Stock Exchange Listing Rules in relation to information to accompany preliminary announcements of annual results.

FINANCIAL SUMMARY

The financial information of the Group set forth in this announcement is prepared on a consolidated basis in accordance with the IFRS, and expressed in RMB unless especially stated.

* *The Bank holds a financial license number B0335H250000001 approved by China Banking Regulatory Commission and was authorised 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 authorised 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 authorised to carry on banking/deposit-taking business in Hong Kong.*

SUMMARY OF RESULTS FOR 2011

(Expressed in RMB million, unless otherwise stated)	For the year ended December 31,					
	2011	2010	Comparison between 2011 and 2010	2009	2008[1]	2007
Operating results			**Change** *(%)*			
Net interest income	**10,505.0**	7,501.8	40.03	5,474.5	5,183.3	4,314.2
Net fee and commission income	**635.4**	285.8	122.32	136.7	74.3	53.4
Operating income	**11,118.3**	7,744.6	43.56	5,676.8	5,294.3	5,712.5
Operating expenses	**(4,774.4)**	(3,910.1)	22.10	(3,190.7)	(2,472.6)	(1,845.8)
(Impairment) reversals of impairment on assets	**(848.0)**	45.2	(1,976.11)	(123.0)	(292.0)	(883.4)
Profit before tax	**5,496.9**	3,986.1	37.90	2,484.5	2,529.3	3,002.2
Net profit	**4,248.0**	3,061.2	38.77	1,888.3	1,995.2	3,002.2
Net profit attributable to shareholders of the Bank	**4,246.5**	3,064.2	38.58	1,888.3	1,995.2	3,002.2
Based on per share *(RMB)*			**Change**			
Net assets per share attributable to shareholders of the Bank	**3.00**	3.26	(0.26)	1.58	N/A[2]	N/A[2]
Basic earnings per share	**0.46**	0.45	0.01	0.31	N/A[2]	N/A[2]
Profitability indicators *(%)*			**Change**			
Return on total assets[3]	**1.23**	1.07	0.16	0.94	1.19	2.49
Average return on assets[4]	**1.35**	1.26	0.09	1.02	1.39	3.02
Return on shareholders' equity[5]	**15.17**	13.65	1.52	19.92	25.28	N/A[12]
Net interest spread[6]	**3.13**	2.97	0.16	2.94	3.51	4.08
Net interest margin[7]	**3.36**	3.07	0.29	3.06	3.68	4.16
Net fee and commission income to operating income	**5.71**	3.69	2.02	2.41	1.40	0.93
Cost-to-income ratio[8]	**36.64**	44.40	(7.76)	49.23	40.84	29.12

(Expressed in RMB million, unless otherwise stated)	**2011**	2010	Comparison between 2011 and 2010	2009	2008	2007
	As at December 31,					
Scale indicators			**Change** *(%)*			
Total assets	**344,820.0**	285,545.7	20.76	201,360.7	167,268.1	120,487.0
Loans and advances to customers, gross	**144,097.2**	121,024.5	19.06	99,331.7	73,091.4	75,398.6
Total liabilities	**316,809.1**	263,115.3	20.41	191,883.4	159,376.3	120,679.3
Due to customers	**246,141.4**	205,563.0	19.74	153,776.4	117,282.5	96,350.8
Share capital	**9,300.0**	9,000.0	3.33	6,000.0	6,000.0	1,639.9
Equity attributable to shareholders of the Bank	**27,855.5**	22,345.2	24.66	9,477.3	7,891.8	(192.3)
Non-controlling interests	**155.4**	85.2	82.39	—	—	—
Total equity	**28,010.9**	22,430.4	24.88	9,477.3	7,891.8	(192.3)
Assets quality indicators(9) *(%)*			**Change**			
Non-performing loan ratio	**1.44**	2.38	(0.94)	3.88	8.68	13.22
Allowances to non-performing loans	**265.24**	172.81	92.43	126.85	83.43	63.33
Allowances to total loans	**3.83**	4.12	(0.29)	4.92	7.25	8.37
Capital adequacy indicators *(%)*						
Core capital adequacy ratio(10)	**13.71**	14.78	(1.07)	8.14	9.31	N/A(11))
Capital adequacy ratio(10)	**14.90**	16.31	(1.41)	10.23	9.32	N/A(11)
Total equity to total assets	**8.12**	7.86	0.26	4.71	4.72	N/A(12)
Other indicators *(%)*			**Change**			
Loan-to-deposit ratio(9)	**58.64**	59.42	(0.78)	66.21	66.38	78.25

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

(2) In June 2008, before the Bank was incorporated as a joint stock limited company, its business was carried out by the CRCU and 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 net assets per share and basic earnings per share on a consolidated basis.

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

(4) Represents the net profit for the period (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.

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

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

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

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

(9) 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.

(10) 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"). The calculation of capital adequacy ratio has considered the impact of proposed dividend for 2011.

(11) 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.

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

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 the Bank on June 27, 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 the 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.

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts in millions of Renminbi, unless otherwise stated)

	For the year ended 31 December	
	2011	2010
Interest income	**17,539.2**	11,473.4
Interest expense	**(7,034.2)**	(3,971.6)
Net interest income	**10,505.0**	7,501.8
Fee and commission income	**671.1**	308.9
Fee and commission expense	**(35.7)**	(23.1)
Net fee and commission income	**635.4**	285.8
Net trading gain (losses)	**23.4**	(46.2)
Other operating (losses) income, net	**(45.5)**	3.2
Operating income	**11,118.3**	7,744.6
Operating expenses	**(4,774.4)**	(3,910.1)
(Impairment) reversals of impairment on assets	**(848.0)**	45.2
Net gain on disposal of available-for-sale financial assets	**—**	106.4
Net gain on disposal of debt securities classified as receivables	**1.0**	—
Profit before tax	**5,496.9**	3,986.1
Income tax expense	**(1,248.9)**	(924.9)
Profit for the year	**4,248.0**	3,061.2
Attributable to:		
Equity holders of the Bank	**4,246.5**	3,064.2
Non-controlling interests	**1.5**	(3.0)
	4,248.0	3,061.2
Earnings per share (Expressed in RMB per share)		
— Basic	**0.46**	0.45

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts in millions of Renminbi, unless otherwise stated)

	For the year ended 31 December	
	2011	2010
Profit for the year	**4,248.0**	3,061.2
Other comprehensive (losses) income:		
Fair value (losses) gain on available-for-sale financial assets		
— fair value (losses) gain arising during the year	**(47.2)**	40.7
— amount reclassified to the profit or loss upon disposal of available-for-sale financial assets	**—**	(106.4)
Income tax relating to available-for-sale financial assets	**11.8**	16.5
Other comprehensive (losses) income for the year (net of tax)	**(35.4)**	(49.2)
Total comprehensive income for the year	**4,212.6**	3,012.0
Total comprehensive income attributable to:		
Equity holders of the Bank	**4,211.1**	3,014.9
Non-controlling interests	**1.5**	(2.9)
Total comprehensive income for the year	**4,212.6**	3,012.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2011

(Amounts in millions of Renminbi, unless otherwise stated)

	As at 31 December	
	2011	2010
ASSETS		
Cash and balances with central bank	**50,662.8**	37,321.6
Deposits with banks and other financial institutions	**11,445.0**	17,220.2
Placements with banks and other financial institutions	**11,460.7**	2,000.0
Financial assets held for trading	**400.9**	482.2
Financial assets designated as at fair value through profit or loss	**13,033.6**	8,046.0
Financial assets held under resale agreements	**42,296.8**	37,158.0
Loans and advances to customers	**138,821.8**	117,114.0
Available-for-sale financial assets	**1,617.8**	1,444.4
Held-to-maturity investments	**40,236.4**	36,708.9
Debt securities classified as receivables	**27,053.3**	21,219.9
Property and equipment	**2,711.1**	2,341.3
Deferred tax assets	**1,517.7**	1,307.6
Goodwill	**440.1**	440.1
Other assets	**3,122.0**	2,741.5
Total assets	**344,820.0**	285,545.7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUES)*

AT 31 DECEMBER 2011

(Amounts in millions of Renminbi, unless otherwise stated)

	As at 31 December	
	2011	2010
LIABILITIES		
Borrowings from central bank	**30.0**	—
Deposits from banks and other financial institutions	**25,107.1**	11,711.8
Placements from banks	**2,149.8**	—
Financial liabilities designated as at fair value through profit or loss	**365.6**	444.8
Financial assets sold under repurchase agreements	**32,759.7**	35,762.7
Due to customers	**246,141.4**	205,563.0
Accrued staff costs	**2,398.1**	2,166.2
Tax liabilities	**905.4**	443.4
Debt securities issued	**2,300.0**	2,300.0
Other liabilities	**4,652.0**	4,723.4
Total liabilities	**316,809.1**	263,115.3
EQUITY		
Share capital	**9,300.0**	9,000.0
Capital reserve	**9,201.9**	8,202.7
Investment revaluation reserve	**(18.9)**	16.5
Surplus reserve	**3,650.9**	575.5
General reserve	**1,919.8**	1,904.2
Retained earnings	**3,801.8**	2,646.3
Equity attributable to equity holders of the Bank	**27,855.5**	22,345.2
Non-controlling interests	**155.4**	85.2
Total equity	**28,010.9**	22,430.4
Total equity and liabilities	**344,820.0**	285,545.7

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts in millions of Renminbi, unless otherwise stated)

	Attributable to equity holders of the Bank								
	Share capital	Capital reserve	Surplus reserve	General reserve	Retained earnings	Investment revaluation reserve	Subtotal	Non-controlling interests	Total
As at 1 January 2010	6,000.0	586.2	263.9	491.8	2,069.7	65.7	9,477.3	—	9,477.3
Profit for the year	—	—	—	—	3,064.2	—	3,064.2	(3.0)	3,061.2
Other comprehensive (losses) income	—	—	—	—	—	(49.2)	(49.2)	—	(49.2)
Total comprehensive income for the year	—	—	—	—	3,064.2	(49.2)	3,015.0	(3.0)	3,012.0
Shares issued									
— Private placement	1,000.0	910.0	—	—	—	—	1,910.0	—	1,910.0
— H shares offering	2,000.0	6,997.7	—	—	—	—	8,997.7	—	8,997.7
— Transaction cost of H share offering	—	(291.2)	—	—	—	—	(291.2)	—	(291.2)
Contribution from non-controlling shareholders	—	—	—	—	—	—	—	88.2	88.2
Appropriation to surplus reserve	—	—	311.6	—	(311.6)	—	—	—	—
Appropriation to general reserve	—	—	—	1,412.4	(1,412.4)	—	—	—	—
Dividends recognised as distribution	—	—	—	—	(763.6)	—	(763.6)	—	(763.6)
As at 31 December 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
As at 1 January 2011	9,000.0	8,202.7	575.5	1,904.2	2,646.3	16.5	22,345.2	85.2	22,430.4
Profit for the year	—	—	—	—	4,246.5	—	4,246.5	1.5	4,248.0
Other comprehensive (losses) income	—	—	—	—	—	(35.4)	(35.4)	—	(35.4)
Total comprehensive income for the year	—	—	—	—	4,246.5	(35.4)	4,211.1	1.5	4,212.6
Shares issued									
— H shares offering	300.0	1,039.4	—	—	—	—	1,339.4	—	1,339.4
— Transaction cost of H share offering	—	(40.2)	—	—	—	—	(40.2)	—	(40.2)
Contribution from non-controlling shareholders	—	—	—	—	—	—	—	68.7	68.7
Appropriation to surplus reserve	—	—	3,075.4	—	(3,075.4)	—	—	—	—
Appropriation to general reserve	—	—	—	15.6	(15.6)	—	—	—	—
As at 31 December 2011	9,300.0	9,201.9	3,650.9	1,919.8	3,801.8	(18.9)	27,855.5	155.4	28,010.9

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts in millions of Renminbi, unless otherwise stated)

	For the year ended 31 December	
	2011	2010
OPERATING ACTIVITIES		
Profit before tax	**5,496.9**	3,986.1
Adjustments for:		
Depreciation and amortisation	**347.4**	331.1
Impairment (reversals of impairment) on assets	**848.0**	(45.2)
Interest income arising from debt securities	**(3,220.0)**	(2,310.6)
Interest income arising from impaired financial assets	**(51.4)**	(29.3)
Interest expense arising from debt securities issued	**126.5**	126.5
Net gain on disposal of investment securities	**(1.0)**	(106.4)
Dividend income from investment securities	**(0.9)**	(2.2)
Net gain on disposal of property and equipment	**(42.6)**	(21.7)
Exchange losses	**158.1**	60.3
Operating cash flows before movements in working capital	**3,661.0**	1,988.6
Increase in balances with central bank, deposits with banks and other financial institutions	**(14,962.1)**	(14,728.6)
Increase in placements with banks and other financial institutions	**(9,214.5)**	(2,000.0)
Increase in financial assets held under resale agreements	**(10,520.5)**	(23,999.2)
Increase in financial assets held for trading	**(102.3)**	(461.5)
Increase in loans and advances to customers	**(22,159.8)**	(20,273.8)
(Decrease) increase in financial assets sold under repurchase agreements	**(3,003.0)**	9,257.1
Increase in due to customers, deposits from banks and other financial institutions	**53,900.1**	59,808.7
Increase in borrowings from central bank	**30.0**	—
Increase in placements from banks	**2,150.0**	—
Increase in other operating assets	**(5,180.4)**	(1,647.4)
Increase in other operating liabilities	**564.1**	1,551.1
Cash (used in) generated by operating activities	**(4,837.4)**	9,495.0
Income tax paid	**(985.2)**	(734.1)
Net cash (used in) generated by operating activities	**(5,822.6)**	8,760.9

CONSOLIDATED STATEMENT OF CASH FLOWS *(CONTINUES)*

FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts in millions of Renminbi, unless otherwise stated)

	For the year ended 31 December	
	2011	2010
INVESTING ACTIVITIES		
Cash received from disposal and redemption of investment securities	**14,510.0**	21,281.4
Cash received from disposal of property and equipment and other assets	**104.6**	252.3
Cash paid for purchase of investment securities	**(24,348.0)**	(39,681.8)
Cash paid for purchase of property and equipment and other assets	**(758.6)**	(739.4)
Interest income received from investment securities	**3,110.9**	2,003.6
Net cash used in investing activities	**(7,381.1)**	(16,883.9)
FINANCING ACTIVITIES		
Net proceeds from issuance of shares		
— Private placement	**—**	1,910.0
— H shares offering	**1,339.4**	8,997.7
— Transaction cost of H shares offering	**(40.2)**	(291.2)
Contribution from non-controlling shareholders	**68.7**	88.2
Interest expenses paid for debt securities issued	**(126.5)**	(126.5)
Dividends paid to shareholders of the Bank	**(409.4)**	(366.7)
Net cash from financing activities	**832.0**	10,211.5
Net (decrease) increase in cash and cash equivalents	**(12,371.7)**	2,088.5
Cash and cash equivalents at 1 January	**30,750.5**	28,722.9
Effect of foreign exchange rate changes	**(158.2)**	(60.9)
Cash and cash equivalents at 31 December	**18,220.6**	30,750.5

Notes:

1. The consolidated financial statements of the Group for the year ended 31 December 2011 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 31 December	
	Note	**2011**	2010
Staff costs	(1)	**2,861.9**	2,341.1
Business tax and surcharges		**701.0**	471.5
General operating and administrative expenses		**704.5**	609.5
Depreciation and amortisation		**347.4**	331.1
Auditor's remuneration		**3.8**	1.5
Others		**155.8**	155.4
Total		**4,774.4**	3,910.1

(1) Staff costs

	For the year ended 31 December	
	2011	2010
Salaries, bonuses and allowances	**1,891.1**	1,574.0
Social insurance	**320.9**	179.5
Housing funds	**158.0**	135.6
Staff welfare	**75.7**	90.8
Labor union fees and staff education expenses	**63.1**	55.8
Supplementary retirement benefits	**127.2**	120.1
Early retirement benefits	**225.9**	185.3
Total	**2,861.9**	2,341.1

5. INCOME TAX EXPENSE

	For the year ended 31 December	
	2011	2010
Income tax expense comprises:		
Current income tax		
— PRC Enterprise Income Tax	**1,447.2**	952.2
Deferred tax	**(198.3)**	(27.3)
Total	**1,248.9**	924.9

PRC Enterprise Income Tax is calculated at 25% of the estimated assessable profit for for the current and prior years.

The tax charges for the year ended 31 December 2011 and 31 December 2010 can be reconciled to the profit per the consolidated income statement as follows:

	For the year ended 31 December	
	2011	2010
Profit before tax	**5,496.9**	3,986.1
Tax calculated at applicable statutory tax rate of 25%	**1,374.2**	996.5
Tax effect of expenses not deductible for tax purpose	**34.7**	47.9
Tax effect of income not taxable for tax purpose *(Note)*	**(160.0)**	(119.5)
Income tax expense	**1,248.9**	924.9

Note: The income not taxable for tax purpose mainly represents interest income arising from treasury bonds, which is income tax free in accordance with the PRC tax regulations.

6. EARNINGS PER SHARE

The calculation of basic earnings per share is as follows:

	For the year ended 31 December	
	2011	2010
Earnings:		
Profit for the year attributable to equity holders of the Bank	**4,246.5**	3,064.2
Numbers of shares		
Weighted average number of shares in issue *(million)*	**9,296.7**	6,846.6
Basic earnings per share *(RMB yuan)*	**0.46**	0.45

There were no potential ordinary shares outstanding during the current and prior year. Accordingly, no diluted earnings per share was presented.

7. DUE TO CUSTOMERS

	Note	As at 31 December **2011**	2010
Demand deposits			
Corporate customers		**49,798.6**	45,290.7
Individual customers		**49,949.5**	43,946.0
Time deposits			
Corporate customers		**13,953.2**	10,228.9
Individual customers		**129,263.7**	101,200.5
Pledged deposits	(1)	**3,132.9**	4,846.7
Others (including outward remittance and remittance outstanding)		**43.5**	50.2
Total		**246,141.4**	205,563.0

Note: (1) Analysed by products for which deposit is required:

	As at 31 December **2011**	2010
Acceptances	**1,894.8**	3,614.4
Loans and receivables	**1,132.7**	237.4
Letters of guarantee	**5.9**	880.5
Letters of credit	**53.3**	70.0
Others	**46.2**	44.4
Total	**3,132.9**	4,846.7

8. CONTINGENT LIABILITIES AND COMMITMENTS

(1) Capital commitments

	As at 31 December	
	2011	2010
Contracted but not provided for	**146.8**	170.8
Authorised but not contracted for	**502.4**	265.9
Total	**649.2**	436.7

(2) Credit commitments

	As at 31 December	
	2011	2010
Acceptances	**3,000.4**	4,844.1
Undrawn credit card limit	**935.1**	—
Letters of credit issued	**155.0**	337.5
Letters of guarantee	**9.7**	48.0
Total	**4,100.2**	5,229.6

Credit commitments represent general facility limits granted to customers. These credit facilities may be drawn in the form of loans and advances or through the issuance of letters of credit, acceptances or letters of guarantee.

The Group grants loan commitments to specific customers. The Directors are of the opinion that such commitments are conditional and revocable.

(3) Operating lease commitment

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

	As at 31 December	
	2011	2010
Within 1 year	**27.0**	21.2
1 to 2 years	**22.5**	17.6
2 to 3 years	**20.2**	15.7
Above 3 years	**57.9**	79.4
Total	**127.6**	133.9

The leases are negotiated for a lease term of 1 to 18 years.

(4) Credit risk weighted amounts for credit commitments

	As at 31 December	
	2011	2010
Credit commitments	**1,739.1**	1,405.0

The credit risk weighted amounts are the amounts calculated in accordance with the guidelines issued by the CBRC and are dependent on, among other factors, 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:

	As at 31 December	
	2011	2010
Bonds	**24,113.4**	25,508.8
Bills	**9,790.7**	10,285.1
Total	**33,904.1**	35,793.9

As at 31 December 2011 and 31 December 2010, the carrying amount of financial assets sold under repurchase agreements by the Group was RMB32,760 million and RMB35,763 million, respectively

All repurchase agreements are due within twelve months from inception.

Collateral accepted

Bills and other documents received as collateral can be resold or re-pledged in connection with bills and other documents purchased under resale agreements. The fair value of collateral accepted by the Group is RMB37,157 million as at 31 December 2011 (31 December 2010: RMB36,658 million). No collateral was re-sold or re-pledged by the Group as at 31 December 2011 and 2010.

9. SEGMENT ANALYSIS

The Group provides a diversified range of banking and related financial services. The products and services offered to customers are organised into three operating segments:

Corporate banking

The corporate banking segment provides financial products and services to corporations, government agencies and financial institutions. The products and services include corporate loans, trade financing, deposit takings and other types of corporate intermediary services.

Personal banking

The personal banking segment provides financial products and services to individual customers. The products and services include personal loans, deposit products, card business, personal wealth management services and other types of personal intermediary services.

Treasury operations

The Group's treasury operations conduct money market or repurchase transactions, and debt instruments investment for its own accounts or on behalf of customers.

Summary of Business Segment

Operating Income

	For the year ended December 31									
	2011		2010		2009		2008		2007	
	Amount	**% of Total**	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Corporate banking business	**4,479.6**	**40.29**	3,284.3	42.41	2,322.4	40.91	2,556.2	48.28	2,153.1	37.69
Personal banking business	**3,388.8**	**30.48**	2,685.4	34.67	1,942.2	34.21	2,164.2	40.88	2,333.5	40.85
Treasury operations business	**3,138.0**	**28.22**	1,712.9	22.12	1,359.9	23.96	538.2	10.17	(121.8)	(2.13)
Unallocated	**111.9**	**1.01**	62.0	0.80	52.3	0.92	35.7	0.67	1,347.7	23.59
Total operating income	**11,118.3**	**100.00**	7,744.6	100.00	5,676.8	100.00	5,294.3	100.00	5,712.5	100.00

	Corporate banking	Personal banking	Treasury operations	Segment total	Unallocated	Total
For the year ended 31 December 2011						
External interest income	**5,745.6**	**3,533.8**	**8,259.8**	**17,539.2**	**—**	**17,539.2**
External interest expense	**(558.5)**	**(3,385.6)**	**(3,090.1)**	**(7,034.2)**	**—**	**(7,034.2)**
Inter-segment interest (expense) income	**(1,011.8)**	**3,058.1**	**(2,046.3)**	**—**	**—**	**—**
Net interest income	**4,175.3**	**3,206.3**	**3,123.4**	**10,505.0**	**—**	**10,505.0**
Fee and commission income	**313.1**	**194.4**	**163.6**	**671.1**	**—**	**671.1**
Fee and commission expense	**(8.8)**	**(11.9)**	**(15.0)**	**(35.7)**	**—**	**(35.7)**
Net fee and commission income	**304.3**	**182.5**	**148.6**	**635.4**	**—**	**635.4**
Net trading gain	**—**	**—**	**23.4**	**23.4**	**—**	**23.4**
Other operating (losses) income, net	**—**	**—**	**(157.4)**	**(157.4)**	**111.9**	**(45.5)**
Operating income	**4,479.6**	**3,388.8**	**3,138.0**	**11,006.4**	**111.9**	**11,118.3**
Operating expense	**(2,349.4)**	**(1,811.6)**	**(589.0)**	**(4,750.0)**	**(24.4)**	**(4,774.4)**
Impairment on assets	**(341.6)**	**(213.2)**	**(293.2)**	**(848.0)**	**—**	**(848.0)**
Net gain on disposal of debt securities classified as receivables	**—**	**—**	**1.0**	**1.0**	**—**	**1.0**
Profit before tax	**1,788.6**	**1,364.0**	**2,256.8**	**5,409.4**	**87.5**	**5,496.9**
Income tax expense						**(1,248.9)**
Profit for the year						**4,248.0**
As at 31 December 2011						
Segment assets	**90,235.6**	**48,918.5**	**200,486.2**	**339,640.3**	**5,179.7**	**344,820.0**
Segment liabilities	**69,253.0**	**182,789.0**	**63,731.3**	**315,773.3**	**1,035.8**	**316,809.1**
Supplementary information						
Credit commitment	**3,165.1**	**935.1**	**—**	**4,100.2**	**—**	**4,100.2**
Depreciation and amortisation included in operating expenses	**167.8**	**134.2**	**21.1**	**323.1**	**24.4**	**347.5**
Capital expenditure	**394.0**	**315.1**	**49.5**	**758.6**	**—**	**758.6**

	Corporate banking	Personal banking	Treasury operations	Segment total	Unallocated	Total
For the year ended 31 December 2010						
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 gain	—	—	(46.2)	(46.2)	—	(46.2)
Other operating (losses) income, 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)
Reversals of impairment (impairment) 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
As at 31 December 2010						
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 commitment	5,229.6	—	—	5,229.6	—	5,229.6
Depreciation and amortisation included in operating expenses	148.5	116.5	17.4	282.4	48.7	331.1
Capital expenditure	388.7	305.1	45.6	739.4	—	739.4

Unallocated assets mainly include property and equipment of the Group's head office, equity investments, goodwill and deferred tax assets. Unallocated liabilities mainly include tax liabilities and dividends payable.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

(Amounts in millions of Renminbi, unless otherwise stated)

LOANS AND ADVANCES TO CUSTOMERS (CONTRACTUAL AMOUNT)

The following financial information was disclosed on basis of the contractual amount of loans of the Group for the purpose of providing the information for the management to evaluate financial risks. (Please refer to page 5 for the basis of preparation of loans and advances to customers shown as contractual amount)

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

	At 31 December	
	2011	2010
Corporate loans and advances		
— Loans	92,422.0	76,612.8
— Discounted bills	252.2	2,929.4
— Trade financing	131.4	2.5
Subtotal	92,805.6	79,544.7
Retail loans and advances		
— Residential and commercial mortgage loans	30,835.4	24,003.0
— Personal loans for business purposes	14,403.3	11,289.5
— Loans to farmers	2,101.5	3,163.3
— Others	4,198.6	4,144.6
Subtotal	51,538.8	42,600.4
Total loans and advances to customers	144,344.4	122,145.1
Allowance for impairment losses	(5,522.6)	(5,031.1)
Include: Individually assessed	(475.2)	(624.3)
Collectively assessed	(5,047.4)	(4,406.8)
Loans and advances to customers, net	138,821.8	117,114.0

(Amounts in millions of Renminbi, unless otherwise stated)

LOANS AND ADVANCES TO CUSTOMERS (CONTRACTUAL AMOUNT) *(CONTINUES)*

(2) Analysis of loans and advances to customers by collective and individual assessments

	Loans and advances for which allowance is collectively assessed	Identified impaired loans and advances: For which allowance is collectively assessed	Identified impaired loans and advances: For which allowance is individually assessed	Identified impaired loans and advances: Subtotal	Total	Identified impaired loans and advances as a % of gross total loans and advances *(%)*
At 31 December 2011						
Gross loans and advances	**142,262.8**	**1,092.4**	**989.2**	**2,081.6**	**144,344.4**	**1.44**
Allowance for impairment losses	**(4,147.0)**	**(900.4)**	**(475.2)**	**(1,375.6)**	**(5,522.6)**	
Loans and advances to customers, net	**138,115.8**	**192.0**	**514.0**	**706.0**	**138,821.8**	
At 31 December 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	

(Amounts in millions of Renminbi, unless otherwise stated)

LOANS AND ADVANCES TO CUSTOMERS (CONTRACTUAL AMOUNT) *(CONTINUES)*

(3) Movements of allowance for impairment losses on loans and advances to customers

	Individually assessed allowance	Collectively assessed allowance	Total
As at 1 January 2010	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 on allowance	(83.6)	(56.4)	(140.0)
As at 31 December 2010	624.3	4,406.8	5,031.1
Charge for the year	110.0	1,260.7	1,370.7
Reverse for the year	(319.7)	(496.2)	(815.9)
Written off	(83.8)	(368.1)	(451.9)
Recovery of loans and advances written off in previous years	211.4	280.1	491.5
Unwinding of discount on allowance	(67.0)	(35.9)	(102.9)
As at 31 December 2011	475.2	5,047.4	5,522.6

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

(Amounts in millions of Renminbi, unless otherwise stated)

LIQUIDITY RATIOS

(Expressed in percentage)

	At 31 December **2011**	2010
RMB current assets to RMB current liabilities	28.38	26.45
Foreign currency current assets to foreign currency current liabilities	208.58	946.03

CORE LIABILITIES RATIOS

(Expressed in percentage)

	At 31 December **2011**	2010
Core liabilities ratios(1)	57.49	56.10

(1) The Bank 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. The indicator as at the end of December 2011 increased by 1.39 percentage points as compared to the previous year to 57.49%, thus narrowing the gap between the Bank's standards and the regulatory standards.

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

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

(Amounts in millions of Renminbi, unless otherwise stated)

CURRENCY CONCENTRATIONS

	Equivalent in Renminbi			
	US Dollars	**Hong Kong Dollars**	**Others**	**Total**
At 31 December 2011				
Spot assets	**439.0**	**60.4**	**99.1**	**598.5**
Spot liabilities	**(134.1)**	**(49.8)**	**(96.6)**	**(280.5)**
Net position	**304.9**	**10.6**	**2.5**	**318.0**
At 31 December 2010				
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

(Amounts in millions of Renminbi, unless otherwise stated)

Overdue assets

Total loans and advances to customers which have been overdue are set out as follows:

	At 31 December	
	2011	2010
Below 3 months	**1,633.0**	1,561.6
Between 3 and 12 months	**392.8**	952.8
Over 12 months	**1,663.7**	2,059.2
Total	**3,689.5**	4,573.6
Percentage		
Below 3 months	**44.26**	34.14
Between 3 and 12 months	**10.65**	20.83
Over 12 months	**45.09**	45.03
Total	**100.00**	100.00

Loans and advances with a specific repayment date are classified as overdue when the principal or interest is overdue.

(Amounts in millions of Renminbi, unless otherwise stated)

GEOGRAPHICAL SEGMENTS

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					
	2011			2010		
	County Area(1)	**Urban Area**	**Total**	County Area(1)	Urban Area	Total
Net interest income	**1,921.4**	**8,583.6**	**10,505.0**	2,002.8	5,499.0	7,501.8
Net fee and commission income	**321.9**	**313.5**	**635.4**	103.4	182.4	285.8
Net trading gain (losses)	**—**	**23.4**	**23.4**	—	(46.2)	(46.2)
Other operating (losses) income, net	**69.1**	**(114.6)**	**(45.5)**	39.0	(35.8)	3.2
Total operating income	**2,312.4**	**8,805.9**	**11,118.3**	2,145.2	5,599.4	7,744.6
Internal transfer of income and expense	**3,230.6**	**(3,230.6)**	**—**	1,972.7	(1,972.7)	—
Gain after adjustment	**5,543.0**	**5,575.3**	**11,118.3**	4,117.9	3,626.7	7,744.6

(1) County Area refers to regions other than Urban Area of Chongqing City, which includes the information of three subsidiaries, namely Jiangsu Zhangjiagang Huaxin Village and Township Bank Co., Ltd. (江蘇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).

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

(Amounts in millions of Renminbi, unless otherwise stated)

Geographical segments

	As at December 31,									
	2011		2010		2009		2008		2007	
(Expressed in percentage)	**County Area**	**Urban Area**	County Area	Urban Area	County Area	Urban Area	County Area	Urban Area	County Area	Urban Area
Deposits	**66.79**	**33.21**	66.66	33.34	69.69	30.31	74.26	25.74	74.07	25.93
Loans	**46.80**	**53.20**	47.76	52.24	45.28	54.72	55.30	44.70	59.27	40.73
Assets	**46.67**	**53.33**	48.80	51.20	54.99	45.01	53.83	46.17	55.21	44.79
Return on average total assets	**1.34**	**1.35**	1.31	1.20	1.01	1.05	1.07	1.76	4.12	1.64
Net fee and commission income to operating income	**5.81**	**5.62**	2.51	5.03	2.56	2.15	1.58	1.18	0.61	1.87
Cost-to-income ratio	**38.61**	**34.69**	44.46	44.34	56.32	37.20	52.34	26.12	28.20	31.76
Loan-deposit ratio	**41.09**	**93.94**	42.57	93.09	43.02	119.55	49.43	115.27	62.62	122.93
Non-performing loan ratio	**2.75**	**0.29**	4.32	0.61	7.20	1.13	12.82	3.57	17.72	6.68
Allowance to non-performing loans ratio	**208.13**	**746.14**	137.16	404.25	107.45	229.32	80.99	94.30	64.53	58.66

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

In 2011, affected by the ongoing spread of the euro debt crisis, the geopolitical turmoil in the Middle East, the runaway international oil price and deteriorating inflation dynamics, the world economy saw a slowdown. Looking into 2012, the world economy will face more instabilities and uncertainties and the world is very likely to see continuous slow growth.

Beset by the world economy, China's economy is still in good shape in general but its growth slowed down. In 2011, China achieved gross domestic product (GDP) of RMB47,156.4 billion, representing an increase of 9.2% based on comparable prices compared to the previous year. Overall speaking, as inflation caps and subsides and property prices in its downward trajectory, there is hope for objectives of the macro control to be met.

During the year, the financial system of China was stable and sound, with sufficient liquidity maintained at a reasonable level in the banking system and moderate growth in monetary credit. The People's Bank of China ("PBOC") had raised the deposit reserve ratio and the benchmark lending and deposit rates for six times and three times, respectively, followed by a timely downward adjustment of the deposit reserve ratio at the end of the year. Attributable to the adoption of flexible and prudent monetary policies by all financial institutions in the banking industry, credit had been granted in reasonable amount and pace and credit investment had continued to improve, which laid foundation for steady and rapid economic growth. As at the end of 2011, outstanding broad money (M2) reached RMB85.16 trillion, up 13.6% year on year, whereas outstanding narrow money (M1) reached RMB28.98 trillion, up 7.9% year on year, including an increase of RMB7.47 trillion in RMB-denominated loans and US$88.2 billion in foreign-currency denominated loans, respectively. RMB-denominated deposits increased by RMB9.63 trillion whereas foreign-currency denominated deposits increased by US$49.4 billion.

Recently, the State Council approved the Twelfth Five-Year Plan under the "Go West" strategy, which specified that the ''Go West'' strategy should be further implemented during the Twelfth Five-year plan. With GRP and income levels of urban and rural households above national average, the economy in Chongqing is set to thrive. Thanks to conscientious implementation of the macro control policies of the State, full implementation of industrial upgrades and further efforts in reforms and innovation to improve people's well being, Chongqing saw a leap forward in its economy in 2011, with some of the most highly ranked and top-ranked economic indicators across the nation.

I. INCOME STATEMENT ANALYSIS

(Expressed in RMB million, unless otherwise stated)	For the year ended December 31, **2011**	2010	Change in amount	Change *(%)*
Net interest income	**10,505.0**	7,501.8	3,003.2	40.03
Net fee and commission income	**635.4**	285.8	349.6	122.32
Net trading gain (losses)	**23.4**	(46.2)	69.6	(150.65)
Other operating (losses) income, net	**(45.5)**	3.2	(48.7)	(1,521.88)
Operating income	**11,118.3**	**7,744.6**	**3,373.7**	**43.56**
Operating expenses	**(4,774.4)**	(3,910.1)	(864.3)	22.10
(Impairment) reversals of impairment on assets	**(848.0)**	45.2	(893.2)	(1,976.11)
Net gain from disposal of available-for-sale financial assets	**—**	106.4	(106.4)	(100.00)
Net gain from disposal of debt securities classified as receivables	**1.0**	**—**	**1.0**	**100.00**
Profit before tax	**5,496.9**	**3,986.1**	**1,510.8**	**37.90**
Income tax expense	**(1,248.9)**	(924.9)	(324.0)	35.03
Net Profit	**4,248.0**	**3,061.2**	**1,186.8**	**38.77**

In 2011, the profit before tax of the Group amounted to RMB5,497 million, representing an increase of 37.90% as compared to the previous year; net profit amounted to RMB4,248 million, representing an increase of 38.77% as compared to the previous year. The increase in profit before tax and net profit exceeded 37% as compared to the previous year, primarily attributable to: first, our substantial restructuring on deposit portfolio and loan structure, which had driven the net interest income to increase by RMB3,003 million or 40.03% as compared to the previous year; second, a rapid year-on-year growth of RMB350 million or 122.32% in net fee and commission income constantly driven by proactive development of new services and product innovation and third, the year-on-year increase of RMB68,464 million or 28.05% in average balance of interest-earning assets, as a result of the surge in interest-earning assets.

(I) Net Interest Income

In 2011, the net interest income of the Group amounted to RMB10,505 million, representing an increase of RMB3,003 million or 40.03% as compared to the previous year and accounting for 94.48% 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, 2011**	For the year ended December 31, 2010	Change in amount	Change *(%)*
Interest income	**17,539.2**	11,473.4	6,065.8	52.87
Interest expense	**(7,034.2)**	(3,971.6)	(3,062.6)	77.11
Net interest income	**10,505.0**	**7,501.8**	**3,003.2**	**40.03**

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, unless otherwise stated)	For the year ended December 31, **2011** Average balance	Interest income/ expense	Average yield/cost (%)	2010 Average balance	Interest income/ expense	Average yield/cost (%)
Assets						
Loans and advances to customers	**136,635.1**	**9,460.5**	**6.92**	113,577.1	7,110.1	6.26
Debt securities investments	**73,754.3**	**3,754.7**	**5.09**	68,423.8	2,869.0	4.19
Deposits with the central bank	**43,858.6**	**696.6**	**1.59**	29,610.3	447.4	1.51
Due from banks and other financial institutions	**58,314.7**	**3,627.4**	**6.22**	32,487.5	1,046.9	3.22
Total interest-earning assets	**312,562.7**	**17,539.2**	**5.61**	**244,098.7**	**11,473.4**	**4.70**
Liabilities						
Due to customers	**225,806.8**	**3,944.1**	**1.75**	181,920.4	2,607.7	1.43
Due to banks and other financial institutions	**58,340.2**	**3,090.1**	**5.30**	47,245.1	1,363.9	2.89
Total interest-bearing liabilities	**284,147.0**	**7,034.2**	**2.48**	**229,165.5**	**3,971.6**	**1.73**
Net interest income		**10,505.0**			**7,501.8**	
Net interest spread			**3.13**			**2.97**
Net interest margin			**3.36**			**3.07**

Under the influence of interest rate hike and macro control, the average yield on overall interest-earning assets increased by 91 basis points to 5.61% as compared to the previous year.

Affected by interest rate hike and the high cost of market fund, the average cost for due to customers and due to banks and other financial institutions saw an increase over the previous year, resulting in an increase of 75 basis points in average cost of overall interest-bearing liabilities to 2.48% as compared to the previous year.

Due to adjustments in interest rate by the PBOC and mismatched re-pricing of loans and deposits, the growth in the average yield of interest-earning assets was more than that of the average cost for interest-bearing liabilities, resulting in a rise of 16 basis points in net interest spread to 3.13% as compared to the previous year, whereas the net interest margin was driven up by 29 basis points to 3.36%.

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	1,595.6	754.8	2,350.4
Debt securities investments	271.3	614.4	885.7
Deposits with central bank	226.5	22.7	249.2
Due from banks and other financial institutions	1,606.5	974.0	2,580.5
Changes in interest income	3,699.9	2,365.9	6,065.8
Liabilities			
Due to customers	768.0	568.4	1,336.4
Due to banks and other financial institutions	588.0	1,138.2	1,726.2
Changes in interest expense	1,356.0	1,706.6	3,062.6

1. Interest Income

In 2011, the interest income of the Group amounted to RMB17,539 million, representing an increase of RMB6,066 million or 52.87% as compared to the previous year.

(1) 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:

	For the year ended December 31,					
	2011			2010		
(Expressed in RMB million, unless otherwise stated)	**Average balance**	**Interest income**	**Average yield** *(%)*	Average balance	Interest income	Average yield *(%)*
Corporate loans	**88,757.3**	**5,564.5**	**6.27**	71,016.0	4,027.7	5.67
Retail loans	**44,283.4**	**3,533.8**	**7.98**	34,178.5	2,742.4	8.02
Discounted bills	**3,594.4**	**362.2**	**10.08**	8,382.6	340.0	4.06
Total loans and advances to customers	**136,635.1**	**9,460.5**	**6.92**	113,577.1	7,110.1	6.26

Interest income from loans and advances to customers increased by RMB2,350 million or 33.05% to RMB9,461 million as compared to the previous year, primarily attributable to the increase in both average balance and average yield of loans and advances to customers as compared to the previous year, as a result of the improvement in loan structure and capability of price negotiation.

(2) Interest Income from Debt Securities Investments

In 2011, the Group's interest income from debt securities investments increased by RMB886 million or 30.87% to RMB3,755 million as compared to the previous year, primarily attributable to the increase in average balance and average yield of debt securities investment over the previous year, as a result of the unremitting efforts in optimizing investment structure.

(3) Interest Income from Deposits with Central Bank

In 2011, the Group's interest income from deposits with the central bank increased by RMB249 million or 55.70% to RMB697 million as compared to the previous year, primarily attributable to a 48.12% increase in average balance of deposits with the central bank as compared to the previous year following a substantial increase in deposits from customers and the upward adjustment of the general reserve ratio.

(4) Interest Income from Due from Banks and Other Financial Institutions

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

	For the year ended December 31,					
	2011			2010		
(Expressed in RMB million, unless otherwise stated)	**Average balance**	**Interest income**	**Average yield** *(%)*	Average balance	Interest income	Average yield *(%)*
Deposits and placements with banks and other financial institutions	**16,348.0**	**714.4**	**4.37**	6,554.6	176.4	2.69
Financial assets held under resale agreements	**41,966.7**	**2,913.0**	**6.94**	25,932.9	870.5	3.36
Total due from banks and other financial institutions	**58,314.7**	**3,627.4**	**6.22**	**32,487.5**	**1,046.9**	**3.22**

In 2011, the interest income from deposits and placements with banks and other financial institutions of the Group increased by RMB538 million or 304.99% to RMB714 million as compared to the previous year, primarily attributable to sustained hike of interest rates in the money market, which drove the average yield of deposits and placements with banks and other financial institutions up by 168 basis points to 4.37% as compared to the previous year.

In 2011, the interest income from financial assets held under resale agreements increased by RMB2,043 million or 234.64% year on year to RMB2,913 million, primarily attributable to a year-on-year increase of 61.83% in average balance as the Group increased bonds and bills held under resale agreements to raise short-term fund utilisation efficiency.

2. *Interest Expense*

In 2011, the Group's interest expense increased by RMB3,063 million or 77.11% to RMB7,034 million as compared to the previous year.

(1) 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:

	For the year ended December 31,					
	2011			2010		
(Expressed in RMB million, unless otherwise stated)	**Average balance**	**Interest expense**	**Average cost** *(%)*	Average balance	Interest expense	Average cost *(%)*
Corporate deposits						
Demand	**46,676.3**	**252.8**	**0.54**	36,207.0	216.3	0.60
Time	**14,956.3**	**309.5**	**2.07**	12,061.8	125.4	1.04
Subtotal	**61,632.6**	**562.3**	**0.91**	**48,268.8**	**341.7**	**0.71**
Retail deposits						
Demand	**46,759.9**	**224.1**	**0.48**	37,949.1	136.3	0.36
Time	**117,353.2**	**3,157.7**	**2.69**	95,702.5	2,129.7	2.23
Subtotal	**164,113.1**	**3,381.8**	**2.06**	**133,651.6**	**2,266.0**	**1.70**
Total due to customers	**225,806.8**	**3,944.1**	**1.75**	**181,920.4**	**2,607.7**	**1.43**

In 2011, the interest expense on due to customers of the Group increased by RMB1,336 million or 51.25% to RMB3,944 million as compared to the previous year, primarily due to an increase of 32 basis points in the average cost of due to customers to 1.75% as a result of the adjustments to interest rates.

(2) Interest Expense on Due to Banks and Other Financial Institutions

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

	For the year ended December 31,					
	2011			2010		
(Expressed in RMB million, unless otherwise stated)	**Average balance**	**Interest expense**	**Average cost** *(%)*	Average balance	Interest expense	Average cost *(%)*
Deposits and placements from banks and other financial institutions and borrowings from central bank	**18,134.9**	**1,007.9**	**5.56**	8,167.3	221.3	2.71
Financial assets sold under repurchase agreements	**37,905.3**	**1,955.7**	**5.16**	36,777.8	1,016.1	2.76
Debt securities issued	**2,300.0**	**126.5**	**5.50**	2,300.0	126.5	5.50
Total due to banks and other financial institutions	**58,340.2**	**3,090.1**	**5.30**	**47,245.1**	**1,363.9**	**2.89**

In 2011, the interest expense on deposits and placements from banks and other financial institutions and borrowings from central bank of the Group increased by RMB787 million or 355.45% year on year to RMB1,008 million, primarily due to the change in the capital market and the increase in average balance and average cost of deposits and placements from banks and other financial institutions and borrowings from central bank as compared to the previous year.

In 2011, the interest expense on financial assets sold under repurchase agreements of the Group increased by RMB940 million or 92.47% to RMB1,956 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.

(3) Debt Securities Issued

As the Bank issued subordinated bonds in December 2009, both of the interest costs on subordinated bonds of the Group as of December 31, 2011 and 2010 were RMB127 million. The average balances were RMB2,300 million for both 2011 and 2010.

3. 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 interest-earning assets.

In 2011, the net interest spread of the Group increased by 16 basis points to 3.13% as compared to the previous year, the increase of which reflected a higher growth rate in the average yield of interest-earning assets from the previous year than that in the average cost of interest-bearing liabilities over the previous year.

In 2011, the net interest income of the Group increased by RMB3,003 million or 40.03% to RMB10,505 million as compared to the previous year. In 2011, the average balance of interest-earning assets of the Group increased by 28.05%. 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 29 basis points from the previous year to 3.36% in 2011.

(II) Non-interest Income

1. Net Fee and Commission Income

(Expressed in RMB million, unless otherwise stated)	For the year ended December 31, **2011**	2010	Change in amount	Change *(%)*
Fee and commission income	**671.1**	308.9	362.2	117.25
Settlement and clearing fees	**35.3**	34.2	1.1	3.22
Agency commissions	**106.4**	103.3	3.1	3.00
Bank card fees	**73.6**	54.3	19.3	35.54
Custodian and other fiduciary service fees	**9.3**	16.8	(7.5)	(44.64)
Consultancy and advisory fees	**437.0**	90.9	346.1	380.75
Others	**9.5**	9.4	0.1	1.06
Fee and commission expense	**(35.7)**	**(23.1)**	**(12.6)**	**54.55**
Net fee and commission income	**635.4**	**285.8**	**349.6**	**122.32**

In 2011, the net fee and commission income of the Group increased by RMB350 million or 122.32% to RMB635 million as compared to the previous year, and its proportion to operating income increased by 2.02 percentage points to 5.71%, primarily attributable to an increase in consultancy and financial advisory fees, agency service fees, bank card fees and settlement and clearing fees.

Settlement and clearing fees increased by RMB1 million or 3.22% to RMB35 million as compared to the previous year, primarily attributable to an increase in the number of our clients and our business growth, as a result of active marketing efforts and improvement in services.

Agency commissions increased by RMB3 million or 3.00% to RMB106 million as compared to the previous year, primarily attributable to aggressive market expansion and continuous growth in insurance agency business.

Bank card fees increased by RMB19 million or 35.54% to RMB74 million as compared to the previous year, primarily attributable to sustained 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 decreased by RMB8 million or 44.64% to RMB9 million as compared to the previous year.

Consultancy and advisory fees increased by RMB346 million or 380.75% to RMB437 million as compared to the previous year, primarily credited to the robust growth in diversified financial advisory services provided by the Bank, in accordance with the individual needs and requirements in investment and finance from customers.

Other fee and commission income recorded RMB1 million, basically remaining at the same level as that for the previous year.

2. Net Trading Gain (Losses)

Net trading gain (losses) primarily comprises changes in the fair value of held-for-trading debt securities and gain (losses) arising from trading. In 2011, our net trading gain was RMB23 million, primarily due to restructuring of debt securities investment portfolio.

3. Other Operating (Losses) Income, Net

In 2011, other operating loss, net increased by a loss of RMB49 million to RMB46 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.

4. Net Gain on Disposal of Available-for-sale Financial Assets

(Expressed in RMB million, unless otherwise stated)	**For the year ended December 31,** **2011**	2010	Change in amount	Change *(%)*
Net gain on disposal of available-for-sale financial assets	**—**	106.4	(106.4)	(100.00)

(III) Operating expenses

In 2011, the operating expenses of the Group increased by RMB864 million, or 22.10% to RMB4,774 million as compared to the previous year.

(Expressed in RMB million, unless otherwise stated)	**For the year ended December 31,** **2011**	2010	Change in amount	Change *(%)*
Staff costs	**2,861.9**	2,341.1	520.8	22.25
Business tax and surcharges	**701.0**	471.5	229.5	48.67
Depreciation and amortisation	**347.4**	331.1	16.3	4.92
Others	**864.1**	766.4	97.7	12.75
Total operating expenses	**4,774.4**	**3,910.1**	**864.3**	**22.10**

1. Staff Costs

Staff costs are the largest component of operating expenses of the Group, accounting for 59.94% and 59.87% of its total operating expenses for the years ended December 31, 2011 and 2010 respectively.

(Expressed in RMB million, unless otherwise stated)	**For the year ended December 31,**			
	2011	2010	Change in amount	Change *(%)*
Salaries, bonuses and allowances	**1,891.1**	1,574.0	317.1	20.15
Staff welfare, social insurance and housing funds	**554.6**	405.9	148.7	36.63
Others	**416.2**	361.2	55.0	15.23
Total staff costs	**2,861.9**	**2,341.1**	**520.8**	**22.25**

In 2011, staff costs of the Group increased by RMB521 million or 22.25% to RMB2,862 million as compared to the previous year, primarily due to an increase of RMB317 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 RMB48 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.

2. *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 RMB230 million or 48.67% to RMB701 million in 2011 as compared to the previous year.

3. *Depreciation and Amortisation*

Depreciation and amortisation expenses for the year ended December 31, 2011 increased by RMB16 million or 4.92% over the previous year as changes in our property and equipment remained stable during the year.

4. *Others*

For the year ended December 31, 2011, other general and administrative expenses increased by 12.75% to RMB864 million as compared to RMB766 million in 2010, primarily due to greater business expansion and additional cost in security measures.

(IV) Impairment (Reversal of Impairment) on Assets

Impairment (reversal of impairment) on assets consist primarily of provisions charged on loans and other assets. Provisions charged for impairment losses recorded RMB848 million for the year ended December 31, 2011 as compared to a reversal of RMB45 million for 2010. The change in impairment losses was primarily due to increased collective provisions for impairment on loans based on discrete assessment on operation risks and in full consideration of the uncertainties in the macro environment, as well as the provision of allowances for the impairment on wealth management products.

The following table sets forth, for the years indicated, the principal components of impairment (reversals of impairment) on assets.

(Expressed in RMB million, unless otherwise stated)	**For the year ended December 31,** **2011**	2010	Change in amount	Change *(%)*
Loans and advances to customers	**554.8**	4.8	550.0	11,458.33
Other assets	**293.2**	(50.0)	343.2	(686.40)
Total impairment (reversals of impairment) on assets	**848.0**	**(45.2)**	**893.2**	**(1,976.11)**

In 2011, provision for impairment on loans and advances to customers recorded RMB555 million as compared to RMB5 million for the year 2010, primarily due to increased collective provisions for impairment on loans based on discrete assessment on operation risks and in full consideration of the uncertainties in the macro environment.

In 2011, provision for impairment on other assets recorded a net loss of RMB293 million as compared to a reversal of RMB50 million for the year 2010. This was mainly attributable to the provision of allowances for impairment on wealth management products invested or purchased by the Bank, which was made based on the principle of prudent operation and in compliance with the regulatory requirements.

(V) Income Tax Expense

The applicable income tax rate of the Group was 25%. The effective tax rates of the Group in 2011 and 2010 were 22.72% and 23.20% respectively.

The following table sets forth the profit before tax and income tax expense for the years ended December 31, 2011 and 2010.

(Expressed in RMB million, unless otherwise stated)	**For the year ended December 31,**			
	2011	2010	Change in amount	Change *(%)*
Profit before tax	**5,496.9**	3,986.1	1,510.8	37.90
Tax calculated at applicable statutory tax rate of 25%	**1,374.2**	996.5	377.7	37.90
Add/(less) the tax effect of the following items:				
Non-deductible expenses	**34.7**	47.9	(13.2)	(27.56)
Non-taxable income	**(160.0)**	(119.5)	(40.5)	33.89
Income tax expense	**1,248.9**	**924.9**	**324.0**	**35.03**

II. ANALYSIS ON STATEMENT OF FINANCIAL POSITION

(I) Assets

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

	As at December 31,			
	2011		2010	
(Expressed in RMB million, unless otherwise stated)	**Amount**	**% of Total** *(%)*	Amount	% of Total *(%)*
Loans and advances to customers, gross[1]	**144,344.4**	**41.86**	122,145.1	42.78
Allowances for impairment losses on loans and advances to customers[1]	**(5,522.6)**	**(1.60)**	(5,031.1)	(1.76)
Loans and advances to customers, net	**138,821.8**	**40.26**	117,114.0	41.02
Investment securities[2]	**68,907.5**	**19.98**	59,373.2	20.79
Cash and balances with central bank	**50,662.8**	**14.69**	37,321.6	13.07
Deposits with banks and other financial institutions	**11,445.0**	**3.32**	17,220.2	6.03
Placements with banks and other financial institutions	**11,460.7**	**3.32**	2,000.0	0.70
Financial assets held under resale agreements	**42,296.8**	**12.27**	37,158.0	13.01
Financial assets held for trading	**400.9**	**0.12**	482.2	0.17
Financial assets designated as at fair value through profit or loss	**13,033.6**	**3.78**	8,046.0	2.82
Goodwill	**440.1**	**0.13**	440.1	0.15
Other assets[3]	**7,350.8**	**2.13**	6,390.4	2.24
Total assets	**344,820.0**	**100.00**	**285,545.7**	**100.00**

(1) Loans and advances to customers, gross and allowances for impairment losses on loans and advances 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.

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

(3) Other assets consist of property and equipment, intangible assets, deferred tax assets, and other assets.

As at December 31, 2011, the Group's total assets amounted to RMB344,820 million, representing an increase of RMB59,274 million, or 20.76% as compared to the end of the previous year. Among which:

The amount of gross loans and advances to customers increased by RMB22,199 million, or 18.17%, as compared to the end of 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;

Investment securities increased by RMB9,534 million or 16.06% as compared to the end of the previous year, primarily due to increased holdings of government bonds, bonds issued by policy banks and unsecured bonds with high ratings;

Cash and deposits with central bank increased by RMB13,341 million, or 35.75% as compared to the end of the previous year, primarily due to the rise of statutory deposit reserve, following the increase in deposit reserve ratio and a substantial increase in deposits from customers;

The total amounts of deposits with banks and other financial institutions and placements with banks and other financial institutions increased by RMB3,686 million as compared to the end of the previous year, primarily due to considerable increase in placements with banks and other financial institutions;

Financial assets held under resale agreements increased by RMB5,139 million and their proportion to total assets decreased by 0.74 percentage point as compared to the end of the previous year. This was mainly because the Group endeavored to optimise the asset structure to enhance capital utilisation efficiency.

1. *Loans and advances to customers (Contractual amount)*

(Expressed in RMB million, unless otherwise stated)	As at December 31,			
	2011		2010	
	Amount	**% of Total** *(%)*	Amount	% of Total *(%)*
Corporate loans	**92,553.4**	**64.12**	**76,615.3**	**62.72**
Short-term loans[(1)]	**11,310.3**	**7.84**	9,575.8	7.84
Medium- and long-term loans[(2)]	**81,243.1**	**56.28**	67,039.5	54.88
Retail loans	**51,538.8**	**35.71**	**42,600.4**	**34.88**
Residential mortgage and personal commercial property loans [(3)]	**30,835.4**	**21.36**	24,003.0	19.66
Personal business and re-employment loans [(4)]	**14,403.3**	**9.98**	11,289.5	9.24
Loans to farmers[(5)]	**2,101.5**	**1.46**	3,163.3	2.59
Others[(6)]	**4,198.6**	**2.91**	4,144.6	3.39
Discounted bills	**252.2**	**0.17**	**2,929.4**	**2.40**
Loans and advances to customers, gross	**144,344.4**	**100.00**	**122,145.1**	**100.00**

Notes:

(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, 2011, the amount of gross loans and advances to customers of the Group increased by RMB22,199 million, or 18.17% to RMB144,344 million as compared to the end of the previous year.

Corporate loans (excluding discounted bills) increased by RMB15,938 million, or 20.80% to RMB92,553 million as compared to the end of the previous year, and accounted for 64.12% of loans and advances to customers, gross, 1.40 percentage points higher than that of the previous year. During the year, the Group actively adjusted the credit structure in support of the state's industrial policy, stepped up efforts in infrastructure construction and focused on real economies. During the year, additional loans to the manufacturing industry, the leasing and commercial services industry, as well as the water resources, environment and public utility management industry amounted to RMB3,150 million, RMB3,027 million and RMB3,011 million, respectively, and aggregated to 57.65% of corporate loans.

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 0.58 percentage points as compared with the end of the previous year.

Our retail loans increased by RMB8,938 million or 20.98% to RMB51,539 million as compared to the end of the previous year, which accounted for 35.71% of total loans and advances to customers with a rise of 0.83 percentage points. Among which, the residential and commercial property mortgage loans, mainly to finance self-occupied home purchases, rose by RMB6,832 million, or 28.46%; personal loans for business purposes grew by RMB3,114 million, or 27.58%; and other loans increased by RMB54 million, or 1.30%. 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 RMB2,677 million, or 91.39% to RMB252 million as compared to the end of the previous year, largely due to proactive adjustments to the credit structure and enhanced support for real economies.

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.

	As at December 31,			
	2011		2010	
(Expressed in RMB million, unless otherwise stated)	**Amount**	**% of Total**	Amount	% of Total
Unsecured loans	**14,721.9**	**10.20**	14,423.7	11.81
Guaranteed loans	**28,671.4**	**19.86**	24,171.2	19.79
Collateralised loans	**93,051.2**	**64.47**	73,132.5	59.87
Pledged loans	**7,899.9**	**5.47**	10,417.7	8.53
Loans to customers, gross	**144,344.4**	**100.00**	**122,145.1**	**100.00**

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

(Expressed in RMB million, unless otherwise stated) **The Group**	**Allowance for impairment losses on loans and advances which is collectively assessed** [(1)]	**Allowance for impairment losses on identified impaired loans and advances** [(2)]		**Total**
		For which allowance is collectively assessed	**For which allowance is individually assessed**	
As at January 1	3,262.3	1,144.5	624.3	5,031.1
Charge for the year	884.7	376.0	110.0	1,370.7
Reverse for the year	—	(496.2)	(319.7)	(815.9)
Written off	—	(368.1)	(83.8)	(451.9)
Recovery of loans and advances previously written off	—	280.1	211.4	491.5
Unwinding of discount on allowance	—	(35.9)	(67.0)	(102.9)
The balance as at December 31, 2011	4,147.0	900.4	475.2	5,522.6

(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 2011, 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, 2011, balance of allowances for impairment losses on loans and advances to customers increased by RMB492 million to RMB5,523 million over the end of the previous year, and the ratio of provision for loan to non-performing loans increased by 92.43 percentage points to 265.24% as compared to the end of the previous year.

2. *Investments*

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

	As at December 31,			
	2011		2010	
(Expressed in RMB million, unless otherwise stated)	**Amount**	**% of Total**	Amount	% of Total
Financial assets held for trading	**400.9**	**0.49**	482.2	0.71
Financial assets designated as at fair value through profit or loss	**13,033.6**	**15.83**	8,046.0	11.85
Available-for-sale financial assets	**1,617.8**	**1.96**	1,444.4	2.13
Held-to-maturity investments	**40,236.4**	**48.87**	36,708.9	54.06
Debt securities classified as receivables	**27,053.3**	**32.85**	21,219.9	31.25
Total investments	**82,342.0**	**100.00**	**67,901.4**	**100.00**

As at December 31, 2011, total investments increased by RMB14,441 million to RMB82,342 million as compared to the end of the previous year. Financial assets designated as at fair value through profit or loss increased by RMB4,988 million or 61.99% as compared to the end of the previous year, primarily due to increased holdings of short-term wealth management products. Available-for-sale financial assets and held-to-maturity investments increased by RMB173 million and RMB3,528 million respectively as compared to the end of the previous year, primarily due to increased holdings of bonds issued by well-performed enterprises. Debt securities classified as receivables increased by RMB5,833 million as compared to the end of the previous year, primarily due to increased holding of low-risk and 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.

	As at December 31,			
	2011		2010	
(Expressed in RMB million, unless otherwise stated)	**Amount**	**% of Total** *(%)*	Amount	% of Total *(%)*
Government bonds	**9,263.2**	**11.26**	12,938.5	19.07
Public sector, quasi-government bonds	**15,692.4**	**19.07**	14,484.4	21.35
Financial institution bonds	**2,443.3**	**2.97**	3,269.7	4.82
Corporate bonds	**16,645.5**	**20.23**	9,854.8	14.53
Debt instruments issued by financial institutions	**38,243.9**	**46.47**	27,291.0	40.23
Total	**82,288.3**	**100.00**	**67,838.4**	**100.00**

(II) 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)	**As at December 31,**			
	2011		2010	
	Amount	**% of Total** *(%)*	Amount	% of Total *(%)*
Due to customers	**246,141.4**	**77.69**	205,563.0	78.13
Deposits and placements from banks and other financial institutions and borrowings from the central bank	**27,286.9**	**8.61**	11,711.8	4.45
Financial assets sold under repurchase agreements	**32,759.7**	**10.34**	35,762.7	13.59
Debt securities issued	**2,300.0**	**0.73**	2,300.0	0.87
Other liabilities [(1)]	**8,321.1**	**2.63**	7,777.8	2.96
Total liabilities	**316,809.1**	**100.00**	**263,115.3**	**100.00**

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

As at December 31, 2011, total liabilities increased by RMB53,694 million or 20.41% to RMB316,809 million as compared to the end of the previous year. Due to customers are our largest source of capital, which grew by RMB40,578 million or 19.74% and its proportion in total liabilities decreased by 0.44 percentage point to 77.69% as compared to the end of the previous year. Deposits and placements from banks and other financial institutions and borrowings from the central bank increased by RMB15,575 million or 132.99% as compared to the end of the previous year.

Due to Customers

(Expressed in RMB million, unless otherwise stated)	**As at December 31,**			
	2011		2010	
	Amount	**% of Total** *(%)*	Amount	% of Total *(%)*
Corporate deposits	**63,751.8**	**25.90**	55,519.6	27.01
Demand deposits	**49,798.6**	**20.23**	45,290.7	22.03
Time deposits	**13,953.2**	**5.67**	10,228.9	4.98
Retail deposits	**179,213.2**	**72.81**	145,146.5	70.61
Demand deposits	**49,949.5**	**20.29**	43,946.0	21.38
Time deposits	**129,263.7**	**52.52**	101,200.5	49.23
Pledged deposits	**3,132.8**	**1.27**	4,846.7	2.36
Other deposits	**43.6**	**0.02**	50.2	0.02
Total due to customers	**246,141.4**	**100.00**	**205,563.0**	**100.00**

As at December 31, 2011, due to customers increased by RMB40,578 million or 19.74% to RMB246,141 million as compared to the end of the previous year. Corporate deposits increased by RMB8,232 million or 14.83% as compared to the end of the previous year, the percentage of which in due to customers dropped by 1.11 percentage points to 25.90% as compared to the end of the previous year, primarily due to the impact of macro control. Demand deposits recorded at RMB99,748 million, representing an increase of RMB10,511 million or 11.78% as compared to the end of the previous year, 16.75 percentage points down from the growth rate in time deposits. Its proportion in total due to customers decreased by 2.89 percentage points to 40.52% as compared to the end of the previous year, primarily due to the fact that, under the impact of interest rate hike, the pursuit of high profitability of customers triggered a rapid growth in time deposits.

(III) 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)	As at December 31,			
	2011		2010	
	Amount	**% of Total** *(%)*	Amount	% of Total *(%)*
Share capital	**9,300.0**	**33.20**	9,000.0	40.12
Capital reserve	**9,201.9**	**32.85**	8,202.7	36.57
Investment revaluation reserve	**(18.9)**	**(0.07)**	16.5	0.07
Surplus reserve	**3,650.9**	**13.03**	575.5	2.57
General reserve	**1,919.8**	**6.85**	1,904.2	8.49
Retained earnings	**3,801.8**	**13.59**	2,646.3	11.80
Equity attributable to shareholders of the Bank	**27,855.5**	**99.45**	22,345.2	99.62
Non-controlling shareholders	**155.4**	**0.55**	85.2	0.38
Total equity	**28,010.9**	**100.00**	**22,430.4**	**100.00**

As at December 31, 2011, paid-in capital increased by RMB300 million to RMB9,300 million as compared to the end of the previous year, primarily due to the issue of additional 300 million shares (equivalent to RMB300 million) upon the listing of the Bank's H shares on the Hong Kong Stock Exchange. Capital reserve increased by RMB999 million as compared to the end of the previous year, primarily due to share premiums. General reserve increased by RMB16 million as compared to the end of the previous year, as the general reserve was required to be not less than 1% of year-end balance of risk assets.

III. LOAN QUALITY ANALYSIS (THE GROUP)

(I) Breakdown of Loans by the Five-Category Classification

The following table sets forth, for the dates indicated, the distribution of the Group'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,			
	2011		2010	
(Expressed in RMB million, unless otherwise stated)	**Amount**	**% of Total** *(%)*	Amount	% of Total *(%)*
Normal	**135,502.4**	**93.88**	105,981.2	86.77
Special mention	**6,759.9**	**4.68**	13,252.6	10.85
Substandard	**632.1**	**0.44**	869.2	0.71
Doubtful	**1,450.0**	**1.00**	2,029.7	1.66
Loss	**—**	**—**	12.4	0.01
Total loans and advances to customers	**144,344.4**	**100.00**	122,145.1	100.00
Amount of non-performing loans	**2,082.1**		2,911.3	
Non-performing loan ratio *(%)*		**1.44**		2.38

In 2011, facing the complex macro-economic dynamics, the Group strengthened its efforts in restructuring its credit structure, conducted a roll-over risk surveillance of credit assets, actively prevented and mitigated risks, strengthened early risk warning and tracking as well as post loan management. It also took advantage of favourable market timing to expedite the disposal of non-performing loans, resulting in continuous improvement in credit asset quality. As at December 31, 2011, the balance of non-performing loans dropped by RMB829 million from the end of the previous year to RMB2,082 million; while the non-performing loan ratio was 1.44%, 0.94 percentage point down from the end of the previous year. Besides, the proportions of substandard and doubtful loans were on a decline. The amount of special mention loans accounted for 4.68%, 6.17 percentage points down from the previous year.

(II) Concentration of Loans

Concentration by industry and non-performing loans

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,							
	2011				2010			
	Loan amount	**Percentage of total** *(%)*	**Non-performing loan amount**	**Non-performing loan ratio** *(%)*	Loan amount	Percentage of total *(%)*	Non-performing loan amount	Non-performing loan ratio *(%)*
Corporate loans	**92,553.4**	**64.12**	**1,040.8**	**1.12**	76,615.3	62.72	1,486.2	1.94
Manufacturing	**25,429.8**	**17.62**	**210.7**	**0.83**	22,279.7	18.24	312.0	1.40
Production and supply of electricity, gas and water	**5,915.4**	**4.10**	**11.2**	**0.19**	4,751.8	3.89	20.6	0.43
Real estate	**13,574.8**	**9.40**	**452.5**	**3.33**	12,188.5	9.98	616.1	5.05
Leasing and commercial services	**4,332.7**	**3.00**	**31.7**	**0.73**	1,306.1	1.07	142.4	10.90
Water, environment and public utilities management	**15,936.7**	**11.04**	**0.4**	**—**	12,925.7	10.58	2.4	0.02
Construction	**6,582.7**	**4.56**	**24.0**	**0.36**	6,019.9	4.93	24.8	0.41
Wholesale and retail	**4,222.3**	**2.93**	**49.7**	**1.18**	4,414.7	3.61	80.0	1.81
Others	**16,559.0**	**11.47**	**260.6**	**1.57**	12,728.9	10.42	287.9	2.26
Retail loans	**51,538.8**	**35.71**	**1,041.3**	**2.02**	42,600.4	34.88	1,425.1	3.35
Discounted bills	**252.2**	**0.17**	**—**	**—**	2,929.4	2.40	—	—
Total	**144,344.4**	**100.00**	**2,082.1**	**1.44**	122,145.1	100.00	2,911.3	2.38

In 2011, to cope with the tumultuous and ever-changing external economic conditions, the Group continued to optimise its industry-specific lending and exit criteria for customers and further refined the management of industry quotas. The amount of non-performing loans and non-performing loan ratios of the real estate industry and the manufacturing industry continued to trend downwards, evidenced by the decrease of RMB164 million and RMB101 million in non-performing loans and the decrease of 1.72 percentage points and 0.57 percentage point in non-performing loan ratios as compared to the end of the previous year, respectively.

(III) Distribution of loans and non-performing loans by product type

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

	As at December 31,							
	2011				2010			
(Expressed in RMB million, unless otherwise stated)	**Loan amount**	**% of the total** *(%)*	**Non-performing loan amount**	**Non-performing loan ratio** *(%)*	Loan amount	% of the total *(%)*	Non-performing loan amount	Non-performing loan ratio *(%)*
Corporate loans	**92,553.4**	**64.12**	**1,040.8**	**1.12**	76,615.3	62.72	1,486.2	1.94
Short-term loans	**11,310.3**	**7.84**	**99.7**	**0.88**	9,575.8	7.84	208.1	2.17
Medium- and long-term loans	**81,243.1**	**56.28**	**941.1**	**1.16**	67,039.5	54.89	1,278.1	1.91
Retail Loans	**51,538.8**	**35.71**	**1,041.3**	**2.02**	42,600.4	34.88	1,425.1	3.35
Residential mortgage and personal commercial property loans	**30,835.4**	**21.36**	**60.5**	**0.20**	24,003.0	19.65	97.7	0.41
Personal business and re-employment loans	**14,403.3**	**9.98**	**422.8**	**2.94**	11,289.5	9.24	467.7	4.14
Loans to farmers	**2,101.5**	**1.46**	**419.8**	**19.98**	3,163.3	2.59	649.4	20.53
Others[1]	**4,198.6**	**2.91**	**138.2**	**3.29**	4,144.6	3.39	210.3	5.07
Discounted bill business	**252.2**	**0.17**	**—**	**—**	2,929.4	2.40	—	—
Total	**144,344.4**		**2,082.1**	**1.44**	122,145.1		2,911.3	2.38

1. Other loans include personal car loans, loans for personal durable consumption goods, credit card loans and personal education loans.

As at December 31, 2011, non-performing loan ratios of corporate loans decreased by 0.82 percentage point to 1.12% as compared with the end of the previous year, whereas non-performing ratios of personal loans decreased by 1.33 percentage points to 2.02% as compared with the end of the previous year.

(IV) Overdue loans and advances to customers

The following table sets forth, for the dates indicated, the aging analysis of the Group's overdue loans and advances to customers.

	Percentage of total loans and advances as at December 31,			
	2011		2010	
(Expressed in RMB million, unless specifically stated)	**Amount**	**% of Total** *(%)*	Amount	% of Total *(%)*
Past due within 3 months	**1,633.0**	**1.14**	1,561.6	1.28
Past due for 3 months to 1 year	**392.8**	**0.27**	952.8	0.78
Past due for over 1 year and within 3 years	**1,225.5**	**0.85**	1,325.9	1.08
Past due for more than 3 years	**438.2**	**0.30**	733.3	0.60
Total overdue loans and advances to customers	**3,689.5**	**2.56**	4,573.6	3.74

As at December 31, 2011, the total overdue loans amounted to RMB3,690 million, representing a decrease of RMB884 million from the end of the previous year. Overdue loans accounted for 2.56%, representing a decrease of 1.18 percentage points from the end of the previous year.

IV. ANALYSIS OF OFF-BALANCE-SHEET ITEMS

Off-balance-sheet items of the Group include acceptances, 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 acceptances and issuance of letters of credit were deemed as key business segments. As at December 31, 2011, the balances of acceptances and issuance of letters of credit were RMB3,000 million and RMB155 million, respectively.

V. 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 which the Group was subject to. The major areas affected by the estimates and judgments include: provision for loans and advances to customers, supplementary retirement benefit and early retirement benefit obligation, fair value of financial instruments, held-to-maturity investments and income taxes.

BUSINESS OPERATION

I. Corporate Banking Business

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

(Expressed in RMB million, unless otherwise stated)	For the year ended December 31		
	2011	2010	Changes *(%)*
Net interest income	**4,175.3**	3,214.2	29.90
Net fee and commission income	**304.3**	70.1	334.09
Operating income	**4,479.6**	3,284.3	36.39
Operating expenses	**(2,349.4)**	(1,957.7)	20.01
(Impairment) reversals of impairment on assets	**(341.6)**	318.1	(207.39)
Profit before tax	**1,788.6**	1,644.7	8.75

	As at 31 December		
	2011	2010	Changes *(%)*
Segment assets	**90,235.6**	74,940.9	20.41

In 2011, the total profit before tax from the corporate banking business increased by 8.75% to RMB1,789 million over the previous year, accounting for 32.54% of the Bank's profit before tax. The overall growth in corporate loan business of the Group had driven the net interest income of the corporate banking business to increase by 29.90% over the previous year. Following its financial restructuring and establishment as a joint-stock 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 334.09% to RMB304 million.

1. Corporate deposits

The Group strived to capture the corporate deposit market and continued to maintain steady growth in corporate deposits. As at December 31, 2011, the balance of corporate deposits of the Group reached RMB66,928 million, including guarantee deposits and other deposits, which accounted for 27.19% of the total balance of deposits of the Group whilst posting a growth of RMB6,512 million or 10.78% over the end of the previous year.

2. Corporate loans

The Group adopted a prudent and moderate credit policy for corporate loans. 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, 2011, the balance of corporate loans amounted to RMB92,806 million (including discounted bills), representing an increase of RMB13,261 million or 16.67% over the end of the previous year. Meanwhile, asset quality of corporate loans continued to improve, with outstanding non-performing loans and non-performing loan ratio of RMB1,041 million and 1.12%, respectively, representing a decrease of RMB445 million and 0.82 percentage point respectively from the end of the previous year.

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 industries such as manufacturing, water conservancy and environment and public utility management, real estate, construction as well as production and supply of electricity, gas and water, which accounted for 27.45%, 17.17%, 14.63%, 7.10% and 6.37% of the total amount of corporate loans of the Group (including discounted bills), respectively. Especially in the electronic information industry that the Chongqing Municipality strived to develop, the Bank has not only established credit relationships with Quanta and Foxconn (ranking first and fifth respectively among the world's six largest laptop makers), but also commenced cooperation with 36 supporting suppliers. 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, 2011, the Bank had a total of 1,915 SME customers with RMB71,445 million loans outstanding with us (including discounted bills), accounting for 76.94% of the balance of loans. The Group continued to grant loans principally to quality customers with sound credit record.

3. *Corporate banking products*

In 2011, the corporate wealth management products newly launched by the Bank fully satisfied demand of its key corporate customers for wealth management and made a breakthrough in such products. Meanwhile, the Bank, after effective marketing of its existing deposit, loan and intermediary business products, gave full consideration to market demand and proceeded with its research and development on the 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》) and devised new regulations such as Measures for the Administration of Domestic Credit Letter Business (《國內信用證業務管理辦法》), Measures for the Administration of Inventory Mortgage Business (《貨押業務管理辦法》) and Measures for the Administration of Credit Certification (《資信證明管理辦法》) for three of its new businesses, which will perfect the product lines of the Bank's corporate banking business.

4. *Corporate customer managers*

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 mechanism on the admission and exit criteria as well as assessment of these managers, thereby increasing the number of corporate customer managers and improving their comprehensive quality. In 2011, four training sessions were provided to corporate customer managers, and the number of corporate customer managers increased by 26.85% over the end of the previous year. The expansion and growth of the team will substantially facilitate the growth of corporate business.

5. *Intermediary business*

The contribution of intermediary business of the Group 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. The Group started to provide consulting and financial advisory services to corporate customers in 2009. For the year ended December 31, 2011, the Group's income from consulting and financial advisory increased by RMB346 million or 380.65% to RMB437 million over the previous year.

6. *Inter-bank cooperation*

The Group achieved a new breakthrough in inter-bank cooperation. As at December 31, 2011, the Bank has entered into a strategic cooperation agreement with the Export-Import Bank of China, whereby both parties agreed to cooperate in provision of syndicated loans, agency business and extension services. The Bank also struck a cooperation deal with Chongqing Chemical and Pharmaceutical Finance Company Limited (重慶化醫財務有限公司), the first finance company in Chongqing, which would bring large sums of funds of the Chemical And Pharmaceutical Group to be placed with the Bank. The Bank made its first private fund custody deal by becoming the custodian bank of Chongqing Zijin Bohong Fund Management Centre (重慶紫金博宏基金管理中心) for its RMB1,000 million fund. Meanwhile, the Bank gained RMB1,343 million by undertaking insurance business and had a leading market share compared to its peers.

7. Channel construction

The Group's channel construction proved to be a remarkable success. As at December 31, 2011, the Bank maintained extensive cooperation with competent authorities of the Chongqing Municipal Government. Following becoming 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）and the agency bank undertaking non-taxation business in Chongqing City（重慶市非税業務代理銀行）, the Bank achieved breakthrough in cooperation with the "Major Overhaul Fund" of Chongqing Municipal Bureau of Land Resources and Housing Management（國土房管「大修基金」）and some of its branches have already obtained agent qualifications for the Major Overhaul Fund (a new system). In addition, the Bank was also the first commercial bank to obtain the approval for setting up SMS platform for traffic fines in Chongqing City. The Bank was the only financial services bank to handle urban and rural social pension insurance for residents in Chongqing City. As at December 31, 2011, 10,000,000 people in the city have already been paid and distributed pension insurance through the Bank, which generated an annual cash flow of more than RMB4,936 million, and the balance of deposit was as much as RMB1,456 million.

8. Small enterprise business

In recent year, the Bank constantly adhered to the market positioning of "serve Sannong, serve SMEs and serve county economies" and kept in mind its historical missions. It fully implemented the guidelines of the Ninth Plenary Session of the Third Municipal Committee of the CPC and centered around the 12 measures for promoting common prosperity（共富12條）by coming up with innovative ideas and providing tailored-made tentative services to small enterprises to facilitate their growth. Firstly, the network system for providing services to small enterprises has been gradually improving. A small enterprise business department had been set up at the headquarters as the management body of small enterprise business line to deliver guidance and service in respect of the development of small enterprise business. Greater effort was made at branch level in setting up small enterprise loan centres to specialise in the sales and marketing area for the provision of loans for small enterprises, and information counters for small enterprise business have been established in each outlet to be responsible for handling business enquiries and information dissemination of small enterprises in their respective administrative region, thereby forming a "trinity and interrelated" service network. Secondly, a more comprehensive portfolio of specific products for small enterprises has gradually come on stream. The Bank stepped up its effort in introducing new small enterprise financial services whilst focusing on branding, thus developing a unique small enterprise financial service brand, namely the Small Enterprise "Easy Commercial Loans" product series（小企業「商易貸」系列產品）, which comprised 5 exclusive credit products, namely, "Startup Loan" (「創業扶持貸款」）for tiny enterprises and "Easy Loan"（「便捷貸」）, "Development Loan"（「發展貸」）, "Jointly-Guaranteed Loan"（「聯保貸」）and "Machinery and Equipment Mortgage Loan"（「機器設備按揭貸」）for small enterprises. In order to better satisfy the capital requirements of real economies, the Bank further broadened and improved its comprehensive small enterprise specific product portfolio by developing and gradually promoting "Invoice Financing Loan"（「發票融資貸款」）and "Unsecured Loan"（「「無抵押貸款」）for small enterprises. Thirdly, the loan process for tiny and small enterprises was further optimized and streamlined. Aiming to meet the characteristics of tiny and small enterprises' requirement for funds, namely "short-term, small-size, frequency and urgency", the Bank put great efforts in creating a green channel of "easy operation and standardized procedures" based on convenience and high efficiency requirements, to ensure that the approval for loan applications from tiny and small enterprises would be finished within one to five business days when all necessary information is provided.

9. International business

In order to effectively guard against exchange risk and deliver better returns to investors, the Bank had made continuous efforts in applying to the competent authorities for foreign exchange settlement for funds from global public offerings and finally gained understanding and support from the State Administration of Foreign Exchange and the People' Bank of China. In 2011, the Bank handled the foreign exchange settlement of HK$12,620 million from global public offerings, with exchange settlement ratio reaching 98.62%. In 2011, the Bank established correspondent banking relationships with 122 banks at home and abroad, raising the number of its correspondent banks to 285. The Bank also commenced new business such as overseas agency payments and export credit insurance financing, and the volumes of international trade financing, sale and purchase of foreign exchange and international settlement handled by the Bank amounted to US$298 million, US$512 million and US$817 million respectively, a leading level among the banks of the city and ranking top among the local corporate banks, which has laid a solid foundation for the Bank's integrated operations with domestic and foreign currencies.

II. Retail Banking Business

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

(Expressed in RMB million, unless otherwise stated)	**For the year ended December 31** **2011**	2010	**Changes** *(%)*
Net interest income	**3,206.3**	2,590.2	23.79
Net fee and commission income	**182.5**	95.2	91.70
Operating income	**3,388.8**	2,685.4	26.19
Operating expense	**(1,811.6)**	(1,503.0)	20.53
Impairment on assets	**(213.2)**	(272.9)	(21.88)
Profit before tax	**1,364.0**	909.5	49.97

	As at December 31,		
	2011	2010	
			(%)
Segment assets	**48,918.5**	41,263.5	18.55

The retail banking business of the Group recorded a profit before tax of RMB1,364 million, up 49.97% over the previous year, representing a more remarkable contribution to the Group's profit. The steady increase of retail loans triggered growth of 26.19% and 23.79% 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 91.70% over the previous year, thus propping up a profit growth of the retail banking business for the year.

1. 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 RMB34,067 million or 23.47% in retail deposits over the end of the previous year to RMB179,213 million. The Bank remained unrivalled among regional counterparts in terms of the amount, annual growth and market share of retail deposits.

2. 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. 10 retail loan centers were set up in the year, the number of which will be increased to 49 by the end of the year. Based upon the segmented customer base, the Bank provided differentiated retail loan products and services by optimizing the existing product structure according to market demand and amending the existing measures on retail loan products for operating purpose. The retail loans of the Bank increased by RMB8,938 million to RMB51,539 million, among which personal residential mortgage loans posted a growth of RMB6,832 million to RMB30,835 million. The 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 Bank, thus leading to a win-win result with regard to economic profit and social responsibility. The policy-based loans of the Bank increased by RMB501 million to RMB2,542 million with its increment and stock in the leading position compared with other counterparts in China.

3. Bank Cards

The number of new bank cards and the amount of spending in relation thereto continued to surge. As at December 31, 2011, the total number of debit cards of the Bank reached 8,965,500, representing an increase of 1,464,500 over the end of the previous year; the spending related thereto amounted to RMB23,012 million, representing an increase of 43.87% over the previous year. The total number of credit cards issued by the Bank amounted to 42,900, representing an increase of 14,400 over the end of the previous year; spending related thereto amounted to RMB1,188,990,900, representing an increase of 292.35% over the previous year. The balance of loans amounted to RMB414.3178 million, representing an increase of 329.10% over the end of the previous year. The Bank committed itself to creating unique bank cards. To this end, it continued to facilitate the promotion of competitive products of Jiangyu Xiangqing Card, launched Jiangyu Xiangqing Farmer's Fortune Card（福農卡）and designed specialised cards for institutional customers. Platinum and diamond cards under the standard series of Jiangyu Credit Card were officially launched, together with the implementation of "1 Alliance" preferential merchant scheme（「1聯盟」特惠商戶計劃）as well as the commencement of various preferential card consumption activities, in an effort to create an exclusive value-added bank card service platform. Meanwhile, the Bank spared no effort in facilitating the establishment of an automatic point of sale platform (POSP) acquiring service system and a loyalty system, aspiring to bring its credit card service system to perfection.

4. Agency Business

In 2011, leveraging its advantage over outlet and channel development, the Bank commenced its distribution business of rare metals. On April 11, 2011, the Bank successfully commissioned its rare metal front desk sales system and introduced two tailored products, including the gold bar commemorating the 90th anniversary of the founding of the Communist Party of China and the gold bar commemorating the 3rd anniversary of the establishment of the Bank. For the year ended December 31, 2011, the Bank's sales volumes from the distribution of rare metals amounted to RMB27.6862 million and the fee income thereof amounted to RMB909,900.

III. Treasury Business

The following table sets forth the major operating figures of the treasury business of the Group and the changes thereof:

(Expressed in RMB million, unless otherwise stated)	For the year ended December 31		
	2011	2010	Changes *(%)*
Net interest income	**3,123.4**	1,697.4	84.01
Net fee and commission income	**148.6**	120.5	23.32
Net trading gain (losses)	**23.4**	(46.2)	150.65
Other operating (losses) income, net	**(157.4)**	(58.8)	167.69
Operating income	**3,138.0**	1,712.9	83.20
Operating expense	**(589.0)**	(400.7)	46.99
Impairment on assets	**(293.2)**	—	100.00
Net gain from disposal of available-for-sale financial assets	**—**	105.4	(100.00)
Net gain from disposal of debt securities classified as receivables	**1.0**	—	100.00
Profit before tax	**2,256.8**	1,417.6	59.20

	As at December 31,		
	2011	2010	
Segment assets	**200,486.2**	164,728.5	21.71

In the face of various adverse factors at home and abroad, the Bank kept a watchful eye on the dynamics of macro- and micro-economic policies, actively strengthened market analysis and liquidity management, and vigorously carried out innovation activities under the premise of compliance, thereby maximizing the profitability of our funds. Firstly, the Bank adopted prudent operation style and multiple financing channels, effectively guarding against liquidity risk. Secondly, the Bank swiftly seized market opportunities and continued to increase investment in wealth management products to ensure a steady growth in earnings. Thirdly, the Bank strove to raise the efficiency of capital operation by complying with credit management requirements and shifting bill business focus to bills held under resale agreements. Fourthly, the Bank improved its interbank lending business by drawing on the advanced experience of peers and creating new interbank refinancing (同業代付) products, thus further broadening its capital utilization channels and increasing exchange and cooperation with peers.

The treasury businesses recorded profit before tax of RMB2,257 million, representing an increase of RMB839 million or 59.20% as compared with the previous year, which contributed to 41.06% of the Group's profit and became an 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 1,460 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, 2011, the loan balance of the banking business in County Area amounted to RMB67,559 million, representing an increase of RMB9,223 million or 15.81% over the end of the previous year; non-performing loan ratio stood at 2.75%, down 1.57 percentage points over the end of the previous year; the deposit balance amounted to RMB164,400 million, representing an increase of RMB27,380 million or 19.98% over the end of the previous year.

I. Internal Mechanism Reform

1. Organisational Structure

During the reporting period, the Group further improved the management structure. The Sannong Business Department, renamed as Sannong Department (三農事業部), was responsible for implementing policies on County Area financial businesses made by Sannong Financial Service Committee (三農金融服務委員會vv and providing professional operation and management for banking business in County Area. Sannong Department has three centres under it, namely "financial service centre for farmers, financial service centre of agriculture industrialisation, and Sannong business management centre", in charge of policy studies, system formulation, customer marketing and Sannong business management.

2. Credit Management

During the reporting period, the Group further revised and improved such systems as management measures, operation standards and authorisation of credit business, and streamlined the business process of Sannong credit business. By arranging dedicated staff to examine and approve loans, and establishing a team of customer managers, the Group effectively stepped up efforts in investigation, review and examination of loans of County Area in a bid to improve lending efficiency and enhance loan management.

3. Assessment and Incentives

To further improve the comprehensive assessment system of branches in County Area, the Group formulated separately the credit plan for County Area banking business, implemented differentiated incentives, offered more incentives and strengthened the assessments in relation thereof, and effectively allocated more resources to County Area credit business.

II. Corporate Banking Business in County Area

During the reporting period, centered on the key banking businesses in County Area such as agriculture industrialisation, land reclamation in County Area, countryside urbanisation, commodity circulation of County Area and infrastructure construction of the countryside, the Group continued to, with leading enterprises in the industry as its main target customers, tighten classified management of corporate customers, energetically intensify marketing efforts and strive to foster core customer groups. For flagship companies of relevant industries, the Group developed integrated banking services plans, improved its banking services, consolidated and deepened the cooperative relations between banks and enterprises.

As at December 31, 2011, the corporate loan balance of the Group's banking business in County Area stood at RMB34,441 million, representing 37.11% of the corporate loan balance of the Bank, up RMB3,028 million or 9.64% over the end of the previous year.

III. 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 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, the Group developed personal products for specific areas and promoted loans secured by forest property rights, rural residential housing and contractual management rights of rural lands in a steady pace in order to satisfy diversified credit needs in County Area.

During 2011, as the only bank in Chongqing offering the new type of pension insurance services in rural areas, the Group carried out social pension insurance agency services for urban and rural residents in all districts/counties throughout the city, with coverage of over 10 million people. Departments of finance and social insurance of the city and district/county opened 125 social insurance accounts with the Group, with the capital balance of RMB1,456 million. In 2011, the number of individual pensions withheld by the Group amounted to 7.7715 million, totalling RMB1,464 million; the number of individual pensions paid by the Group as an agent amounted to 38.3046 million, totalling RMB3,472 million. These services provided the Group with an extensive customer base and helped stabilise customer resources and facilitate the development of our businesses.

The Group made greater efforts in the construction of electronic channels in County Area and vigorously marketed the Jiangyu Card, Jiangyu Xiangqing Card, credit card and personal internet banking. As at December 31, 2011, the Group owned 822 ATM and CRS machines, and 284 multi-media enquiry machines in County Area and set up 207 convenient rural financial self-service centres. The number of debit cards and credit cards issued by the Group in County Area also increased by 562,300 and 10,900 over the end of the previous year, respectively to 7,081,200 and 32,200, respectively, which accounted for 78.98% of the debit cards issued by the Group and 75.05% of the credit cards issued by the Bank, respectively. With the gradual enhancement in electronic equipment and so the increase in the number of cards, the Group is well poised to keep expanding its 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, 2011, the personal loan balance of the Group's banking business in County Area stood at RMB33,118 million, representing 64.26% of the total personal loan balance of the Group, up RMB6,195 million or 23.01% over the end of the previous year.

PRINCIPAL SUBSIDIARIES

Jiangsu Zhangjiagang Huaxin Village and Township Bank Co., Ltd. was established in April 2010 with a registered capital of RMB60 million which was increased by RMB140 million in December 2011. Currently it has a registered capital of RMB200 million and is owned as to 51% by the Bank. As at December 31, 2011, its total assets amounted to RMB582 million.

Sichuan Dazhu Longyuan Village and Township Bank Co., Ltd., established in November 2010 with a registered capital of RMB60 million, is owned as to 51% by the Bank. As at December 31, 2011, its total assets amounted to RMB121 million.

Yunnan Dali Haidong Village and Township Bank Co., Ltd., established in December 2010 with a registered capital of RMB60 million, is owned as to 51% by the Bank. As at December 31, 2011, its total assets amounted to RMB256 million.

OUTLOOK

Looking into 2012, with the economic recovery of major developed countries still wobbling, and possible co-existence between excess capacity of traditional industries and uncertainty over the development of emerging industries, global competition over trade investment, energy resources and currency will become increasingly fierce, while economic growth worldwide may slow down with global markets probably trapped in prolonged recession. However, emerging market economies will continue to grow and remain the bright spots and engines of global economic growth.

2012 will still be a year full of strategic opportunities for China. The national economy will head towards the expected macro control target, with job market conditions constantly improving, international balance of payment in better equilibrium, and substantial progress to be made in transformation of economic growth model. However, concerns still persist over imbalance, disharmony, and unsustainability in economic growth. The overarching work keynote of "pursuing progress while ensuring stability" as set by the Central Government will breathe new life into continued promotion of economic and social development.

The foundation and environment for faster development of Chongqing in 2012 is favorable on the whole. An "accelerated" and "leading" economic growth of the city will be continuously powered by construction of "Five Chongqings", the ten great projects for people's well-being, opening up of western China to the world, integrated reforms on coordinated urban and rural development, and construction of the "Three Major Centers" (三大中心). The "Ten Measures for People's Well-being" (民生十條) and the "Twelve Measures for Common Wealth" (共富十二條) have enjoyed popular support from the people. A growth pole in western China is taking shape; with gradually shortening "Three Gaps" (三個差距), and all-round advancement of common wealth, remarkable improvement of people's livelihood will be achieved.

The year of 2012 is critical for China to implement the "Twelfth Five-year Plan", and for the Bank to lay solid foundation for becoming the "most competitive regional commercial bank of China". By closely combining the requirement of development from a scientific perspective with the current realities, and duly grasping the keynote of transformation and upgrading, the Bank will commit itself to advancing the characteristic operation, streamlining the management and fostering the healthy corporate culture, and strive for steady and healthy growth bankwide and returns to shareholders and the society with the best performance.

OTHER INFORMATION

ISSUE OF SECURITIES

On January 12, 2011, as a result of the exercise of the over-allotment option pursuant to the listing of the Bank, the Bank issued and allotted additional 300,000,000 H shares and disposed of the existing shares under the National Council for Social Security Fund of the PRC, on behalf of the selling shareholder with 27,826,440 shares converted into H shares (Note: the original 6,814,490,399 non-overseas listed shares of the Bank were thus reduced correspondingly by 27,826,440 shares to 6,786,663,959 shares), totally issuing 327,826,440 H shares. The total number of the existing shares of the Bank is 9,300,000,000 and the paid-in capital is RMB9,300,000,000.00.

PARTICULARS OF SHAREHOLDINGS

At the end of the reporting period, the Bank had a total of 9,300,000,000 shares, comprising 6,786,663,959 non-overseas listed shares and 2,513,336,041 overseas listed H shares.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE BANK

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

CORPORATE GOVERNANCE

The Bank had complied with the code provisions and most of the recommended best practices of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Listing Rules for the year ended December 31, 2011, except the deviation from the Code Provision A.4.2. During the reporting period, the terms of office of certain Directors and Supervisors expired in June 2011. The Bank held the 2011 first extraordinary general meeting on December 12, 2011 to elect new members for the new session of the Board and the Board of Supervisors. 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.

DIVIDENDS

Profits for the year ended December 31, 2011 and the financial condition of the Group thereof are set out on the sections headed "Consolidated Financial Statements" of this announcement.

Pursuant to the resolutions passed at the second 2010 extraordinary general meeting held on November 26, 2010, the Bank distributed special dividends to the pre-listing 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, totaling RMB403.6 million. The above special dividends were paid after the holding of the annual general meeting of the Bank held on May 19, 2011.

The board of directors of the Bank recommends a distribution of cash dividend of RMB1,302 million (tax inclusive) for 2011 to all the shareholders at RMB0.14 per share (tax inclusive). Such dividend distribution plan will be submitted to the 2011 annual general meeting for consideration. Provided such proposal is approved at the 2011 annual general meeting, the dividend will be distributed to holders of domestic shares and holders of H shares whose names appear on the register of members on May 18, 2012. Such proposed dividend will be denominated in RMB. Dividend payable to holders of domestic shares shall be paid in RMB, whereas dividend payable to holders of H shares shall be paid in HKD. The exchange rate of RMB to HKD to be adopted shall be the average closing rates of the five business days preceding the date of declaration of such dividend at the 2011 annual general meeting of the Bank (May 7, 2012) as announced by the People's Bank of China.

I. Domestic Shareholders

The register of members in respect of the domestic shares of the Bank will be closed from Saturday, May 12, 2012 to Friday, May 18, 2012 (both days inclusive).

According to the relevant regulations of the Individual Income Tax Law of the People's Republic of China, the Bank will withhold an individual income tax at the rate of 20% for natural person shareholders whose names appear on the register of members for domestic shareholders on May 18, 2012. Domestic shareholders who are legal persons shall declare tax payment on their own.

The dividends for domestic shareholders without affirmed ownership will be kept temporarily by the Bank and distributed upon the confirmation of the ownership.

II. H Share Holders

The register of members in respect of the H shares of the Bank will be closed from Saturday, May 12, 2012 to Friday, May 18, 2012 (both days inclusive). In order to qualify for the entitlement of the proposed cash dividend, H Share Holders of the Bank shall lodge their transfer documents accompanied by the relevant share certificates with the H Share Registrar of the Bank, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, on or before 4:30 p.m. on Friday, May 11, 2012.

Matters in relation to the proposed final dividend and income tax withheld in respect of dividends to be received by overseas non-resident individual/enterprise shareholders

Non-resident Enterprise Shareholders

Pursuant to the Enterprise Income Tax Law of the People's Republic of China and its relevant implementation rules which came into effect on January 1, 2008, the Bank will withhold the enterprise income tax at the rate of 10% for non-resident enterprise shareholders whose name appear on the register of members in respect of H shares of the Bank on May 18, 2012.

Non-resident Individual Shareholders

According to Guoshuihan [2001] No. 348 documents issued by the State Administration of Taxation, PRC, the Bank is required to withhold individual income tax for non-resident individual H Share Holders, who are entitled to relevant preferential tax arrangement pursuant to the taxation agreements between the countries where they are residing with China and the regulation on taxation arrangement between the Mainland and Hong Kong (Macau).

1. As for non-resident individual H Share Holders in countries which have entered into an agreement with China in respect of a tax rate lower than 10%, the Bank will apply for the relevant entitlements thereunder on their behalf, according to the provision under the Notice of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Treaties (Tentative)" (Guo Shui Fa [2009] No.124) (國家稅務總局關於印發〈非居民享受稅收協議待遇管理辦法(試行)〉的通知)(國稅發〔2009〕124號)).

2. As for Hong Kong/Macau residents and other non-resident individual H Share Holders in countries and regions which have entered into an agreement with China in respect of a 10% tax rate, the Bank will withhold individual income tax at the rate of 10%.

3. As for non-resident individual H Share Holders in countries which have entered into an agreement with China in respect of a tax rate between 10% and 20%, the Bank will withhold individual income tax at the actual rate agreed thereunder.

4. As for non-resident individual H Share Holders in countries which have entered into a 20% tax agreement with China or have no tax agreement with China or are under any other circumstances, the Bank will withhold individual income tax at the tax rate of 20%.

The Bank will, based on the registered address of individual H Share Holders recorded in the register of members in respect of H shares of the Bank on May 18, 2012, determine their residency. Where the residency of any individual H Share Holders is inconsistent with the registered address, they shall notify, and submit the relevant proof to, the H Share Registrar of the Bank, Computershare Hong Kong Investor Services Limited at Floor 17M, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, before 4:30 p.m. on Friday, May 11, 2012. The Bank disclaims any responsibility arising from any claims due to H Share Holders of the Bank whose residency are not confirmed timely or accurately or any disputes with regards to the tax withholding systems.

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:

(Amount expressed in RMB million, unless otherwise stated)	**2010**	2009	2008
Cash dividends	**403.6**	360.0	232.1
As a percentage of profit for the year	**13.18%**	19.06%	11.63%

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The Annual General Meeting of the Bank for the year 2011 will be held on Monday, May 7, 2012. In order to determine the holders of shares who are eligible to attend and vote at the Annual General Meeting, no transfer of shares will be registered from Saturday, April 7, 2012 to Monday, May 7, 2012, both days inclusive. For those holders of H shares of the Bank who wish to attend the Annual General meeting for 2011, 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 Thursday, April 5, 2012.

RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is 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 the annual report for 2011 incorporating the complete information under the requirements of the Listing Rules, and publish it on the websites of The Stock Exchange of Hong Kong Limited and the Bank.

REVIEW OF THE ANNUAL RESULTS

The audit committee has reviewed the Bank's annual results for the year 2011. 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 unqualified 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 19, 2012

As at the date of this announcement, the Executive Directors of the Bank are Mr. Liu Jianzhong, Mr. Tan Yuansheng and Mr. Sui Jun; the Non-Executive Directors are Mr. Tao Jun, Mr. Hua Yusheng, Mr. Tu Minghai, Mr. Wang Yongshu, Mr. Wen Honghai, Mr. Gao Xiaodong and Mr. Wu Xiufeng; and the Independent Non-Executive Directors are Mr. Sun Leland Li Hsun, Mr. Yin Mengbo, Mr. Wu Qing, Mr. Chen Zhengsheng and Mr. Liu Weili.