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中国平安保险(集团)股份有限公司
Ping An Insurance (Group) Company of China, Ltd.
(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 2318)

OVERSEAS REGULATORY ANNOUNCEMENT

This announcement is made pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

“The Announcement of Ping An Insurance (Group) Company of China, Ltd. in relation to the Disclosure of 2012 First Quarterly Report of Shenzhen Development Bank”, which is published by Ping An Insurance (Group) Company of China, Ltd. on the website of Shanghai Stock Exchange and certain designated newspapers (except the attachment) in the PRC, is reproduced herein for your reference.

By order of the Board
Yao Jun
Company Secretary

Shenzhen, PRC, April 25, 2012

As at the date of this announcement, the Executive Directors of the Company are Ma Mingzhe, Sun Jianyi, Wang Liping and Yao Jason Bo; the Non-executive Directors are Lin Lijun, Wong Tung Shun Peter, Ng Sing Yip, Li Zhe, Guo Limin, Cheung Chi Yan Louis and Fan Mingchun; the Independent Non-executive Directors are Zhang Hongyi, Chen Su, Xia Liping, Tang Yunwei, Lee Carmelo Ka Sze, Chung Yu-wo Danny and Woo Ka Biu Jackson.

**THE ANNOUNCEMENT OF
PING AN INSURANCE (GROUP) COMPANY OF CHINA, LTD.
IN RELATION TO
THE DISCLOSURE OF 2012 FIRST QUARTERLY REPORT OF
SHENZHEN DEVELOPMENT BANK**

Special Notice:

The board of directors and all directors of Ping An Insurance (Group) Company of China, Ltd. (hereinafter referred to as the "Company") confirm that there are no false representations and misleading statements contained in, or material omissions from this announcement, and severally and jointly accept the responsibility for the truthfulness, accuracy and completeness of the contents of this announcement.

Shenzhen Development Bank Co., Ltd.(hereinafter referred to as "SDB" or "Shenzhen Development Bank"), a subsidiary of the Company, proposes to publish the "2012 First Quarterly Report of SDB" on the website of Shenzhen Stock Exchange (www.szse.cn) on April 26, 2012. Please also refer to the "2012 First Quarterly Report of SDB" as the attachment of this announcement published on the website of Shanghai Stock Exchange (www.sse.com.cn) by the Company.

The Board of Directors
Ping An Insurance (Group) Company of China, Ltd.
April 25, 2012

Shenzhen Development Bank Co., Ltd.

2012 First Quarterly Report

§1 Important Reminder

1.1 The board of directors (hereinafter referred to as the "**Board**") along with its directors, the supervisory committee along with its supervisors, and senior management of Shenzhen Development Bank Co., Ltd. (hereinafter referred to as the "**Company**") confirm that there are no false representations and misleading statements contained in, or material omissions from this report, and severally and jointly assume responsibility for the truthfulness, accuracy and completeness of the contents of this report.

1.2 The 2012 first quarterly report was reviewed and approved at the fourteenth meeting of the eighth session of the Board. 18 directors expected to attend the meeting, and they were all present. The Board approved this report unanimously at the meeting.

1.3 Xiao Suining, Chairman of the Board of the Company, Richard Jackson, President, Chen Wei, Vice President and Chief Financial Officer, and Wang Lan, head of the Accounting Department, guarantee the truthfulness and completeness of the financial report in the 2012 first quarterly report.

1.4 This quarterly financial report does not go through the formal audit; however, E&Y-Huaming conducted AUP towards certain items and the compiling procedure of financial statement.

1.5 In this report, the Company and the Bank/SDB refer to Shenzhen Development Bank Co., Ltd. and the Group refers to Shenzhen Development Bank Co., Ltd. and its subsidiaries.

1.6 The Company has obtained 90.75% of equity interests in Ping An Bank Co., Ltd. (hereinafter referred to as the "Ping An Bank") via the non-public issuance of shares in July 2011. Since the date of acquisition, the Company starts to prepare the consolidated statements in accordance with Accounting Standards for Business Enterprises.

§2 Basic Facts of the Company

2.1 Key Accounting Data and Financial Indicators

The Group

(in RMB thousands)

	March 31, 2012	December 31, 2011	Change from the end of reporting period over the end of previous year
Total assets	1,368,005,065	1,258,176,944	8.73%
Equity attributable to shareholders of parent	76,815,293	73,310,837	4.78%
Share capital	5,123,350	5,123,350	-
Net asset per share attributable to shareholders of parent (Yuan)	14.99	14.31	4.78%
	January-March 2012	January-March 2011	Changes over the same period of last year (%)
Operating income	9,723,880	5,815,038	67.22%
Net profit attributable to shareholders of parent	3,428,945	2,402,199	42.74%
Net cash flow from operating activities	76,827,816	21,346,550	259.91%
Net cash flow from operating activities per share (Yuan)	15.00	6.13	144.70%
Basic EPS (Yuan)	0.67	0.69	-2.90%
Diluted EPS (Yuan)	0.67	0.69	-2.90%
Basic EPS less non-recurring gains/losses (Yuan)	0.67	0.69	-2.90%
Average return of assets (un-annualized)	0.26%	0.31%	-0.05 percentage points
Average return of assets (annualized)	1.04%	1.25%	-0.21 percentage points
Fully diluted rate of return on net assets (un-annualized)	4.46%	6.74%	-2.28 percentage points
Fully diluted rate of return on net assets (annualized)	15.75%	22.43%	-6.68 percentage points
Weighted average return on net asset (un-annualized)	4.57%	6.98%	-2.41 percentage points
Weighted average return on net asset (annualized)	17.11%	25.29%	-8.18 percentage points

Weighted average return on net asset less non-recurring gains/losses (un-annualized)	4.56%	6.96%	-2.40 percentage points
Weighted average return on net asset less non-recurring gains/losses (annualized)	17.07%	25.21%	-8.14 percentage points
Items of non-recurring gains/losses	Amount from the beginning of the year to the end of reporting period		
Gains/Losses on disposal of non-liquidity assets	1,743		
Losses from contingency	-		
Other non-operating income and expenses except the above items	10,595		
Impact on income tax of above adjustments	(3,008)		
Portions attributable to minority shareholders	(597)		
Total	8,733		

Notes: Non-recurring gains/losses are calculated based on the definition of CSRC Announcement 2008 No.43—Explanatory Announcement of Information Disclosure by Companies Publicly Offering Securities No.1- Non-recurring Gains/Losses.

The Company
(thousands)

(in RMB

	March 31, 2012	December 31, 2011	Change from the end of reporting period over the end of previous year (%)
Total assets	1,087,900,329	987,800,475	10.13%
Equity attributable to shareholders	74,932,681	72,138,354	3.87%
Share capital	5,123,350	5,123,350	-
Net asset per share attributable to shareholders (Yuan)	14.63	14.08	3.87%
	January-March 2012	January-March 2011	Changes over the same period of last year (%)
Operating income	7,320,690	5,815,038	25.89%
Net profit attributable to shareholders	2,776,128	2,402,199	15.57%

Net cash flow from operating activities	72,659,145	21,346,550	240.38%
Net cash flow from operating activities per share (Yuan)	14.18	6.13	131.32%
Basic EPS (Yuan)	0.54	0.69	-21.74%
Diluted EPS (Yuan)	0.54	0.69	-21.74%
Basic EPS less non-recurring gains/losses (Yuan)	0.54	0.69	-21.74%
Average return on assets (un-annualized)	0.27%	0.31%	-0.04 percentage points
Average return on assets (annualized)	1.07%	1.25%	-0.18 percentage points
Fully diluted return on net assets (un-annualized)	3.70%	6.74%	-3.04 percentage points
Fully diluted return on net assets (annualized)	13.34%	22.43%	-9.09 percentage points
Weighted average return on net asset (un-annualized)	3.78%	6.98%	-3.20 percentage points
Weighted average return on net asset (annualized)	14.29%	25.29%	-11.00 percentage points
Weighted average return on net asset less non-recurring gains/losses (un-annualized)	3.77%	6.96%	-3.19 percentage points
Weighted average return on net asset less non-recurring gains/losses (annualized)	14.28%	25.21%	-10.93 percentage points
Items of non-recurring gains/losses	Amount from the beginning of the year to the end of reporting period		
Gains/Losses on disposal of non-liquidity assets			1,749
Losses from contingency			-
Other non-operating income and expenses except the above items			1,914
Impact on income tax of above adjustments			(789)
Total			2,874

The Group

(in RMB thousands)

Item	March 31, 2012	December 31, 2011	Change from the end of reporting period over the end of previous year (%)
Total deposits	914,809,609	850,845,147	7.52%
Including: Corporate deposits	746,405,358	698,564,967	6.85%
Retail deposits	168,404,251	152,280,180	10.59%
Total loans	651,376,039	620,641,817	4.95%
Including: Corporate loans	460,126,697	430,702,072	6.83%
General loans	442,005,067	413,019,170	7.02%
Discounted bills	18,121,630	17,682,902	2.48%
Retail loans	165,493,966	165,226,483	0.16%
Credit card receivables	25,755,376	24,713,262	4.22%
Loan impairment provision	(11,268,919)	(10,566,481)	6.65%
Net loans and advances	640,107,120	610,075,336	4.92%

The Company

(in RMB thousands)

Item	March 31, 2012	December 31, 2011	Change from the end of reporting period over the end of previous year (%)
Total deposits	697,275,222	640,585,112	8.85%
Including: Corporate deposits	575,556,890	530,497,832	8.49%
Retail deposits	121,718,332	110,087,280	10.57%
Total loans	494,630,320	469,901,920	5.26%
Including: Corporate loans	355,104,819	330,891,962	7.32%
General loans	338,810,210	314,179,616	7.84%
Discounted bills	16,294,609	16,712,346	-2.50%
Retail loans	128,835, 629	129,389,258	-0.43%
Credit card account receivables	10,689,872	9,620,700	11.11%
Loan impairment provision	(9,455,598)	(8,918,960)	6.02%
Net loans and advances	485,174,722	460,982,960	5.25%

2.2 Supplementary Financial Ratios

The Group

(Unit: %)

Item	Benchmark value	March 31, 2012	December 31, 2011	December 31, 2010
Capital adequacy ratio	≥ 8	11.63	11.51	10.19
Core capital adequacy ratio	≥ 4	8.63	8.46	7.10
NPL ratio	≤ 5	0.68	0.53	0.58
Provision coverage ratio	Not applicable	253.37	320.66	271.50
Provision to loan ratio	Not applicable	1.73	1.70	1.58
Cost/income ratio (excluding business tax)	Not applicable	38.18	39.99	40.95
Net interest spread	Not applicable	2.27	2.37	2.41
Net interest margin	Not applicable	2.47	2.53	2.49

The Company

(Unit: %)

Item		Benchmark value	March 31, 2012	December 31, 2011	December 31, 2010
Capital adequacy ratio		≥8	11.12	11.08	10.19
Core capital adequacy ratio		≥4	9.96	9.91	7.10
NPL ratio		≤5	0.75	0.58	0.58
Provision coverage ratio		Not applicable	255.00	325.78	271.50
Provision to loan ratio		Not applicable	1.91	1.90	1.58
Cost/income ratio (excluding business tax)		Not applicable	35.43	37.71	40.95
Loan to deposit spread		Not applicable	4.47	4.19	3.79
Net interest spread		Not applicable	2.22	2.38	2.41
Net interest margin		Not applicable	2.41	2.54	2.49
Loan to deposit ratio (including discounted bills, home and foreign currency)		≤75	71.01	73.49	72.61
Loan to deposit ratio (excluding discounted bills, home and foreign currency)		Not applicable	68.62	70.80	69.23
Liquidity ratio	RMB	≥25	62.58	51.93	52.52
	Foreign currency	≥25	73.30	54.12	49.94
	Home & foreign currency	≥25	61.97	51.24	52.35
Loan for the biggest single customer to net capital ratio		≤10	5.81	3.84	5.29
Loan for top 10 customers to net capital ratio		Not applicable	24.29	22.06	26.86

Migration ratio of Pass loans	Not applicable	0.30	0.67	0.73
Migration ratio of Special Mention loans	Not applicable	38.54	15.71	39.17
Migration ratio of Substandard loans	Not applicable	7.06	41.50	23.15
Migration ratio of Doubtful loans	Not applicable	7.11	13.38	9.23

2.3 Number of shareholders and position of the top ten unrestricted shareholders at the end of the reporting period

(Unit: shares)

Total number of shares at the end of the reporting period	5,123,350,416	Total number of shareholders at the end of the reporting period	275,669
Position of top ten unrestricted shareholders			
Name of the shareholder	Number of unrestricted shares held	Share nature	
Ping An Insurance (Group) Company of China, Ltd. - Group level - Self-owned fund	521,470,862	RMB ordinary shares	
Ping An Life Insurance Company of China, LTD. - Tradition - Ordinary insurance products	140,963,528	RMB ordinary shares	
China Electronics Shenzhen Company, LTD.	87,382,302	RMB ordinary shares	
China Life Insurance Company Limited - dividend - individual dividend - 005L-FH002 Shenzhen	51,661,762	RMB ordinary shares	
BOC-Efund Shenzhen Stock Exchange 100 Transactional Open Index Securities Investment Fund	43,561,954	RMB ordinary shares	
National Social Security Fund-10 portfolio	39,841,497	RMB ordinary shares	
Haitong Securities Co., Ltd.	37,504,011	RMB ordinary shares	
ICBC – Rongtong Shenzhen Stock Exchange 100 Index Securities Investment Fund	29,124,465	RMB ordinary shares	
ICBC – China Southern Component Selected Equity Securities Investment Fund	26,532,213	RMB ordinary shares	
ABC—FullGoal Tianrui Strong Regions Selective Mixed Open Securities Investment Fund	26,091,494	RMB ordinary shares	

§3 Major events

3.1 Substantial changes of major financial items or indicators with the reasons

√Applicable □Not applicable

The Group

Item	Percentage of change	Cause for change
Due from other banks	115.34%	Inter-bank business structure adjustment
Inter-bank placements	118.45%	Inter-bank business structure adjustment
Derivative financial assets	-37.34%	Decrease in the fair value of forward foreign currency contract caused by change in exchange rate
Receivables	85.11%	Adjustment on investment structure
Other assets	53.55%	Increase in prepayment
Due to other banks and financial institutions	60.40%	Inter-bank business structure adjustment
Due to banks	-44.70%	Inter-bank business structure adjustment
Derivative financial liabilities	-40.71%	Decrease in the fair value of forward foreign currency contract caused by change in exchange rate
Repurchase agreements	-43.83%	Inter-bank business structure adjustment
Payables	-31.16%	Decrease of agency payment business scale

Note: The comparable amounts of balance sheet items represent those at the end of last year. As the consolidated statements of the Group have been disclosed at the end of last year, data of the Group is used for comparison.

The Company

Item	Percentage of change	Cause for change
Interest income	55.64%	Increase in interest-earning assets and interest rate rise
Interest expense	102.29%	Increase in interest-bearing liabilities and interest rate rise
Fee and commission income	99.50%	Increase in fee income from settlement, wealth management, agency and bank cards, etc.
Fee and commission expense	49.07%	Increase in fee expenses from agency and bank cards, etc
Investment gain	71.15%	Increase in capital gains from transfer of notes and bonds
Gains/Losses on fair value change	-243.10%	Decrease in the fair value of traded financial instruments

Business tax and surcharges	50.58%	Increase in taxable business income
Impairment losses	115.86%	Increase in provision
Non-operating income	-67.15%	Small base number
Non-operating expense	-77.26%	Small base number

Note: The comparable amounts of income statement items represent those in the same period of last year. As both banks have not been consolidated in the same period last year, only data from SDB's statement is used for comparison.

3.2 Analysis and explanation of the progress, impact and solution of major events

3.2.1 Qualified opinions

☐Applicable ☒Not applicable

3.2.2 Provision of capital to controlling shareholder or other connected parties or provision of guarantees to external parties in breach of stipulated procedures by the Company

☐Applicable ☒Not applicable

3.2.3 Execution and performance of material contracts in the ordinary course

☐Applicable ☒Not applicable

3.2.4 Other material matters

☒Applicable ☐Not applicable

On August 17, 2011, the seventh meeting of the eighth session of the Board of the Company reviewed and approved *SDB Resolution of Non-public Offering of Shares*.

Pursuant to the *Share Subscription Agreement between Shenzhen Development Bank Co., Ltd. and Ping An Insurance (Group) Company of China, Ltd.* (hereinafter referred to as the "Subscription Agreement") signed by the Company and Ping An Insurance (Group) Company of China, Ltd. (hereinafter referred to as the "PAG") on August 17, 2011 in Shenzhen, the Company intended to issue no less than 892,325,997 shares (up to 1,189,767,995) shares to PAG through non-public offering. The issuance price was determined as the average trading price of the Company's shares for 20 trading days preceding to the pricing benchmark date (i.e. RMB 16.81 per share), raising no more than RMB 20 billion.

Such non-public offering resolution has been approved in the first extraordinary meeting of

the Company in 2011 held on September 2, 2011, and is pending to approval by regulatory bodies, such as China Banking Regulatory Commission and China Securities Regulatory Commission.

For details, please refer to the announcement of the resolution of the Board, proposal of the non-public offering of A shares in 2011 and the announcement of the resolution of general meeting of the Company.

On January 19, 2012, the eleventh meeting of the eighth session of the Board of the Company reviewed and approved *SDB Proposal on the scheme of merger of the controlling subsidiary Ping An Bank Co., Ltd. through absorption*, *SDB Proposal on signing the scheme of merger of Ping An Bank Co., Ltd. through absorption* and *SDB Proposal on change on name*.

The Company intends to merge its controlled subsidiary Ping An Bank to complete through absorption (“the absorption merger”). The Company, as the subsisting entity upon the completion of the absorption merger, shall take over all assets and liabilities, certificates, licenses, businesses, staff and all other rights and obligations of Ping An Bank by law while Ping An Bank shall deregister its legal entity qualification.

Upon the absorption merger and deregistration with Ping An Bank Co., Ltd., the Chinese name of the Company will change from “深圳发展银行股份有限公司” to “平安银行股份有限公司”, and the English name of the Company will change from Shenzhen Development Bank Co., Ltd.” to “Ping An Bank Co., Ltd.”

The absorption merger proposal was reviewed and approved by the first extraordinary meeting for 2012 of the Company and the first extraordinary meeting for 2012 of Ping An Bank on February 9, 2012. The implementation of the absorption merger proposal is subject to approval by regulatory authorities.

For details, please refer to the announcement on the resolution of the Board, the announcement on the absorption merger with the subsidiary Ping An Bank Co., Ltd. and the announcement on the resolution of general meeting of the Company.

3.3 Performance of undertaking of the company, shareholder and actual controller

☒Applicable ☐Not applicable

Undertakings	Promiser	Contents	Performance status
Undertaking in	-	-	-

share reform			
Undertakings made in <i>Acquisition Report</i> or <i>Equity Change report</i>	Ping An Insurance (Group) Company of China, Ltd., Ping An Life Insurance Company of China, Ltd., (hereinafter referred to as the "Ping An Life")	<p>PAG and Ping An Life undertook in <i>SDB's Long Form Equity Change Report</i> issued on June 16, 2009 to:</p> <p>Take legal and feasible measures to integrate SDB and Ping An Bank in the manner of, including but not limited to, merger within 3 years after the completion of this deal by strictly following relevant rules, laws and regulatory requirements, so as to avoid substantial peer competition.</p> <p>PAG undertook in <i>Acquisition Report on Acquiring SDB</i> issued on June 30, 2011:</p> <p>As to all SDB shares owned by the acquirer and its affiliated institutions, as of the day when all SDB shares subscribed through the deal are registered under the name of the acquirer, the acquirer and its affiliated institutions will not transfer any of the shares within 36 months after the new shares are registered under the name of the acquirer, and after the lock-up period, the shares will be dealt with in accordance with relevant regulations of CSRC and Shenzhen Stock Exchange. However, under the permission of applicable laws, this restriction is not applicable to the transfer between the acquirer's affiliated institutions.</p>	The undertakings were still being performed.
Undertakings made upon major assets restructuring	Ping An Insurance (Group) Company of China, Ltd., the Bank	<p>I. PAG made the following undertakings when it proposed to subscribe for 1,638,336,654 shares of SDB issued through non-public offering (this major assets restructuring) with its 90.75% shareholding of Ping An Bank and RMB 2.6900523 billion cash:</p> <p>1. PAG will act strictly in compliance with relevant rules and regulatory requirements to quickly launch the integration of Ping An Bank and SDB, implement necessary internal decision-making procedures and</p>	The undertakings were still being performed.

		<p>submit to regulators for approval to try to complete the integration of two banks within one year. Due to uncertainties of regulatory approval, the specific time of the completion of the integration depends on factors such as the approval progress of regulators. PAG will actively communicate with relevant regulators to try to complete the regulatory approval and integration as soon as possible.</p> <p>2. PAG and its affiliated institutions shall not transfer all the shares owned by PAG and its affiliated institutions within thirty-six (36) months since the day when this non-public offering is completed. However, under the permission of applicable laws, the transfer between PAG's affiliated institutions (i.e. any party that has direct or indirect control over PAG, is directly or indirectly controlled by PAG and is jointly controlled by other parties together with PAG) will not be restricted. After the expiration of the above term, PAG can dispose such new shares in accordance with relevant regulations of CSRC and Shenzhen Stock Exchange.</p> <p>3. In accordance with <i>Profit Forecast Compensation Agreement</i> signed between PAG and the Bank on September 14, 2010, PAG shall, within 3 years after this deal of asset purchase by share issue ("the compensation period"), prepare Ping An Bank's pro forma net profit data ("realized profit") within 4 months after each accounting year pursuant to PRC enterprise accounting standards and urge the accounting firm engaged by PAG to present special auditing opinions ("the special auditing opinions") with regard to such realized profit as well as the difference between such realized profit and the corresponding forecast amount ("the difference amount"). According to such special auditing opinions, if the actual profit amount</p>	
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		<p>achieved in any year within the compensation period is lower than the corresponding profit forecast, PAG shall pay 90.75% of the difference between the above mentioned actual profit and the corresponding forecast amount (“the compensation amount”) to the Bank in cash. PAG shall, within 20 business days after submission of the special auditing opinions for the year, pay such amount in full to the Bank’s designated account.</p> <p>4. As to the two properties without ownership certification by Ping An Bank, PAG issued the <i>PAG Undertaking Letter on Providing Compensation for Potential Dispute about Ownership of Ping An Bank’s Properties</i>. According to the undertaking letter, PAG undertook that if there is any dispute about the ownership of the above properties of Ping An Bank in the future, PAG will try its best to coordinate all parties, strive to settle disputes and avoid any adverse impact to normal business operation of the Bank. If the dispute of the property ownership causes additional cost or income decrease to the aforesaid subordinate institutions, PAG promises to compensate the Bank in cash for the loss of profit caused due to handling the ownership dispute of PAB property.</p> <p>On the basis of the above undertaking letter, PAG makes the <i>Undertaking letter of Ping An Insurance (Group) Company of China, Ltd. Regarding the Solutions to the Properties with Ownership Defects of Ping An Bank Company Limited</i>, which undertakes that: within three years after the completion of this deal, if the Bank cannot obtain real estate certificates for the two properties and cannot properly dispose of those properties, then PAG will purchase at a fair and reasonable price, or designate a third party to purchase those properties within three months upon the expiry of</p>	
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		<p>the three year period.</p> <p>5. After this major assets restructuring and during the period when PAG acts as the controlling shareholder of SDB, in respect of similar businesses or business opportunities as SDB that are intended to be engaged by or substantially obtained by PAG and other companies controlled by PAG in the future, and that the assets and businesses formed by those businesses or business opportunities may cause potential peer competition with SDB, PAG and other companies controlled by PAG will not engage in businesses that are the same or similar to SDB, so as not to involve in direct or indirect competition in relation to SDB's business operations.</p> <p>6. After this major assets restructuring, with regard to the related party transactions between PAG and other companies controlled by PAG and SDB, PAG and other companies controlled by PAG will carry out the transactions with SDB under the principles of openness, fairness and justice of market transactions and in accordance with fair and reasonable market price, as well as implement decision-making procedures based on requirements of relevant laws, regulations and regulatory documents so as to fulfill its obligation of information disclosure according to the laws. PAG guarantees that PAG and other companies controlled by PAG would not acquire any illegal interests or make SDB assume any improper obligations through the transactions with SDB.</p> <p>7. After this major assets restructuring and during the period when PAG acts as SDB's controlling shareholder, SDB's independence will be maintained so as to make sure SDB is independent to PAG and other companies controlled by PAG in terms of staffing,</p>	
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		<p>asset, finance, institution and business.</p> <p>II. Regarding the aforesaid two properties without ownership certificate of Ping An Bank, the Bank promises that after the completion of the deal:</p> <p>1. The Company will proactively communicate with property ownership administrative authorities and relevant parties and try its best to get ownership certificate of the above two properties;</p> <p>2. If there is substantial obstacle in obtaining the property ownership certificate, the Company will dispose the above two properties through methods including but not limited to selling them within three years after the completion of the deal;</p> <p>3. If the Company fails to dispose the properties in the way mentioned in point 2 within three years after the completion of the deal due to any reason, the Company will sell the properties to PAG or a designated third party at a fair and reasonable price within three months after expiration of the three-year time limit; and</p> <p>4. If there is any dispute about ownership before the properties are disposed, the Company will ask PAG to compensate the Company according to the <i>PAG Undertaking Letter on Providing Compensation for Potential Dispute about Ownership of Ping An Bank's Properties</i> issued by PAG.</p>	
Undertakings made upon share issuance	Ping An Life	<p>Ping An Life made undertakings not to transfer the 379,580,000 new shares acquired from SDB in non-public offering within 36 months from the date of listing of the above subscribed shares, being September 17, 2010, however, under the permission of the laws and approval of relevant regulatory authorities, the transfer between Ping An Life and its related parties</p>	<p>The undertakings were still being performed.</p>

		(including its controlling shareholders, de facto controllers and the other entities under the control of its de facto controllers) will not be restricted. If there are any selling deals against the said undertaking, the Clearing Company-Shenzhen Branch will be delegated to transfer all the money from selling of the subscribed shares to SDB's listed company account and the money will be owned by all SDB shareholders.	
Other undertakings (including retrospective undertakings)	-	-	-

3.4 Anticipation of loss or substantial change of accumulative net profit from the beginning of the year to the end of next reporting period, and the explanation of reason

☐Applicable ☒Not applicable

3.5 Execution of dividend policy in the reporting period

☐Applicable ☒Not applicable

3.6 Explanation of other major events

3.6.1 Securities investment situation of the Group

☒Applicable ☐Not applicable

At the end of the reporting period, book value of treasury and financial bonds (including PBOC notes, policy bank notes, ordinary financial bonds and subordinated financial bonds) held by the Group was RMB 173.4 billion, among which the bonds with large amount are as follows:

(in RMB million)

Type	Book value	Annual coupon rate (%)	Maturity date	Impairment provision
11 financial bonds	43,030	3.35~5.35	2012/4/12~2024/6/1	-
10 financial bonds	31,360	2.9~5.57	2012/11/2~2024/7/2	-
09 financial bonds	17,810	1.95~5.77	2012/4/16~2024/6/14	-

08 financial bonds	14,160	2.04~5.5	2013/3/24~2024/6/30	-
PBOC notes	9,190	0~3.97	2012/4/13~2024/5/12	-
07 financial bonds	8,550	3.48~5.96	2012/6/26~2023/12/31	-
10 T-bonds	8,468	2.23~4.6	2013/3/18~2040/6/21	-
11 T-bonds	6,221	2.77~6.15	2012/5/5~2041/6/23	-
03 financial bonds	4,682	3.14~4.55	2013/2/18~2022/3/4	-
09 T-bonds	4,605	1.6~4	2012/4/30~2024/7/17	-

3.6.2 Shareholding of other listed company

√Applicable □Not applicable

(in RMB thousands, %)

Code	Name	Initial investment	Portion of total shareholding in the end of the period	Face value in the end of the period	G/L (gain/loss) in the reporting period	Change of equity in the reporting period	Accounting subjects	Sources of shares
000150	Yihua Real Estate	5,895	1.36%	15,512	-	928	Available-for-sale	Repossessioned equity
600094	Great Town	4,248	0.07%	5,908	-	1,418	Available-for-sale	Repossessioned equity
000034	Shenzhen Shenxin Taifeng	5,553	0.18%	2,950	-	437	Available-for-sale	Repossessioned equity
000030	ST Sunrise	2,916	0.12%	3,692	-	891	Available-for-sale	Repossessioned equity
	Visa Inc.	0.00	0.01%	1,648	2	230	Available-for-sale	Historical investment
Total		18,612		29,710	2	3,904		

3.6.3 Shareholding of other unlisted financial companies or to-be-listed companies

√Applicable □Not applicable

(in RMB thousands)

Name of the invested company	Investment	Impairment provision	Ending net value
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Ping An Bank Company Limited	26,701,707	-	26,701,707
China UnionPay Company Ltd.	74,220	-	74,220
SWIFT Membership shares	684	-	684
Clearing Center for City Commercial Banks	600	-	600
Total	26,777,211	-	26,777,211

3.6.4 Position of derivatives investment at the end of the reporting period

√ Applicable □ Not applicable

(1) Derivatives investment table

<p>Risk analysis on derivatives position-holding in the reporting period and explanations on controlling measures (including but not limited to market risk, liquidity risk, credit risk, operational risk and legal risk)</p>	<p>1. Market risk. Market risk of derivatives refers to the risk of loss on on-balance-sheet and off-balance-sheet business due to change of market price (interest rate, exchange rate, stock price and goods price). The Group conducts limit management from aspects such as exposure, risk level and G/L.</p> <p>2. Liquidity risk. Liquidity risk of derivatives refers to the risk that bank has the solvency but cannot obtain sufficient fund timely or cannot obtain sufficient fund in time with reasonable cost to deal with asset growth or pay off due debts. For derivatives delivered in full amount, the Group adopts the measures of integration position closing to ensure sufficient fund for settlement while delivery; for derivatives delivered in net amount, there is no major impact as the cash flow would have minor impact on liquid assets of the Group.</p> <p>3. Operational risk. Operational risk is the risk resulting from defective internal procedure, staff, system, or external events. The Group strictly observes the CBRC Guidelines on Operational Risk Management at Commercial Banks, staffs full-time traders, adopted professional front-middle-back office monitoring system, set complete business operation process and authorization management system and improved internal monitoring and auditing mechanism, trying its best to avoid operational risk.</p> <p>4. Legal risk. Legal risk refers to the possibility of risk exposure caused by business activity incompliance with legal rules or external legal events. The Group attached great importance to legal documentation related to derivatives transaction and signed legal agreement including ISDA, CSA, MAFMII with peer banks to avoid legal dispute and regulate dispute resolving method. In accordance</p>
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	<p>with regulatory requirement and transaction management necessity, the Group also set customer transaction agreement referring to above inter-bank legal agreements thus avoid most potential legal disputes.</p> <p>5. Force Majeure. Force Majeure refers to the unforeseeable, inescapable or insurmountable objective circumstances, including not limited to fire, earthquake, flood or other natural disaster, war, military act, strike, pandemic, failure of IT, communication or electricity system, financial crisis, halt of related market transaction, or change of national legal rules or policy that prevent the derivatives transaction to be implemented normally. The Group signed off agreement with all the individuals, institutional and inter-bank customers about force majeure to exempt obligation of contract breaching.</p>
<p>Changes of market price or in the fair value of invested derivatives in the reporting period.</p> <p>While making analysis on derivatives fair value, specific methods in use with relevant presumptions and parameters should be disclosed</p>	<p>In the first quarter of 2012, the Group did not see big fair value change of invested derivatives during the reporting period. Regarding derivative financial instruments, the Bank engaged the evaluation technique to determine the value. The evaluation technique includes reference to familiar circumstances and the price used in latest market trading of each party voluntary for trading, and reference to the current fair values and discounted cash flow technique of other essentially same financial instruments. Evaluation technique may use market parameter if feasible. However, the management team needs to evaluate in light of the credit risk, market fluctuation rate and relevance of itself and the trading counterparts when lacking market parameters</p>
<p>Explanation on if there is major change of accounting policy or accounting settlement principle related to derivatives occurred in the reporting period compared with that of last reporting period</p>	<p>The Group stipulates accounting policy and accounting settlement principle related to derivatives in line with the Accounting Standard for Business Enterprises. There is no major change of relevant policy</p>
<p>Specific comments from independent directors, sponsors or financial advisors on derivatives investment and risk control</p>	<p>Independent directors of the Group believe that the Group's derivatives transactions business is a commercial banking business approved by regulator. The Bank has established a relative complete risk management system, which is effective for risk control on derivatives transaction.</p>

(2) Position of derivative investment at the end of the reporting period

(in RMB million)

Agreement type	Beginning agreement amount (nominal)	Ending agreement amount (nominal)	Fair value change during the reporting period	Percentage of ending agreement amount (nominal) to ending net asset attributable to shareholders (%)
FX forward agreement	109,552	167,272	(6)	217.76%
IR swap agreement	13,256	30,393	2	39.57%
Stock option agreement	-	-	-	-
Equity exchange agreement	-	-	-	-
Total	122,808	197,665	(4)	257.33%

Note: As of the end of the reporting period, the contracted amount of derivatives of the Group has increased, but the actual net exposure of risk for swap business was minimal. The Group has imposed limit for managing the forward fair value of swap business, and the change in actual net expose of risk was minimal.

3.6.5 Share offering plan raised by shareholders holding more than 30% of total shares and the implementation, and whether there is any situation of providing funds or providing external guarantee in violation of regulations to controlling shareholder or its related party

☐Applicable ☒Not applicable

3.6.6 Explanations on the implementation project progress of the Basic Standard for Enterprise Internal Control

During the reporting period, the Bank has reviewed and passed *SDB's Self-evaluation Report on Internal Control 2011* on the twelfth meeting of the eighth session of the Board on March 8, 2012, and made public announcement. E&Y-Huaming has audited the effectiveness of relevant internal control in the financial report of the Bank, and considered that the Bank has complied with *Basic Standards for Enterprise Internal Control* and relevant requirements in all material aspects on maintaining effective internal control for financial reporting, and has issued *Audit Report on SDB's Internal Control 2011*.

In 2011, evaluation on internal control was placed high emphasis by the Board and senior management, and under their promotion, project command committee and project leading team were established. With the establishment and optimization of internal control evaluation and management mechanism as well as the formulation of evaluation method of internal control in

conformity with the situation of the Bank, the internal management level and risk aversion capability of the Bank have been continuously enhanced. In 2012, internal control evaluation will, on the foundation laid by the original achievements, continue to optimize the internal control mechanism and system, as well as deepen the establishment of internal control and compliance culture. The Bank has formulated the implementation plan for internal control evaluation in 2012, and will continue to engage external consultation firms for guidance.

3.6.7 Reception for investigation, communication and interview within the reporting period

☒Applicable ☐Not applicable

During the reporting period, the Group conducted several communications with institutions in respect of operation and financial status as well as other matters of the Bank by organizing results webcasts, analyst briefings and receiving inquiries by phone from individual investors. The contents mainly include: business operations and development strategy, periodic report, interim report and remarks, business and management information and major events as legally disclosed of the Bank. According to the Guidelines for fair information disclosure for the listed company of Shenzhen Stock Exchange, the Bank and relevant information disclosure obligators strictly observe the principle of fair information disclosure, and there is no situation in violation thereof.

The following are the major investor reception events held by the Group during the reporting period:

Time	Location	Activities	Audience	Topics set for and materials provided by the events
2012/1/11	Shanghai	Communications and exchanges with investors	UBS Securities	Operations and development strategies
2012/1/17	Shenzhen	Onsite survey	BOSERA Funds	Operations and development strategies
2012/1/20	Shenzhen	Conference call	All sorts of investors including brokers and fund investors	Proposal on the merger of the controlling subsidiary Ping An Bank Co., Ltd. through absorption
2012/3/9	Shenzhen	Onsite survey and conference call	All sorts of investors including brokers and fund investors	2011 annual report result release
2012/3/19	Shenzhen, Shanghai	Communications and exchanges with investors	All sorts of investors including brokers	2011 annual report

			and fund investors	
2012/3/20	Guangzhou, Beijing	Communications and exchanges with investors	All sorts of investors including brokers and fund investors	2011 annual report
2012/3/26	Shenzhen	Onsite survey	Credit Suisse Securities	Operations and development strategies

3.7 Management discussion and analysis

3.7.1 Business overview of the Group

During the first quarter of 2012, amidst the complicated economic environment in international and domestic markets as well as increasingly keen market competition, the Group implemented its business development strategies steadily, while leveraging on expansion in deposits to foster cross-selling. With emphasis on portfolio management, enhancement on management level for assets and liabilities, and optimization of risk management mechanism, the Group has achieved excellent operating results.

(1) Scale grew steadily and non-performing ratio was still controlled at a relatively low level

As of the end of the reporting period, the total assets of the Group amounted to RMB 1,368 billion, a growth of 9% over the beginning of the year; total deposits amounted to RMB 914.8 billion, a growth of 8% over the beginning of the year; total loans amounted to RMB 651.4 billion, a growth of 5% over the beginning of the year. NPL ratio and provision coverage ratio were 0.68% and 253.37% respectively, and non-performing ratio was still controlled at a relatively low level. The platform loan (including loans corrected to general corporate loans and those still managed as platform loans) balance of the Group was RMB 47.328 billion, a decrease of RMB 3,608 million or 7.08% over the beginning of the year, accounting for 7.26% of total loan balance.

As of the end of reporting period, the total assets of the Company amounted to RMB 1,087.9 billion, a growth of 10% over the beginning of the year; total deposits amounted to RMB 697.3 billion, a growth of 9% over the beginning of the year; total loans amounted to RMB 494.6 billion, a growth of 5% over the beginning of the year. NPL ratio and provision coverage ratio were 0.75% and 255.00% respectively.

(2) Profitability was steady and revenue structure has improved

In the first quarter of 2012, the Group maintained a stable level of profitability, and realized

net profit attributable to shareholders of parent company of RMB3,429 million, representing a growth of 43% on a year-on-year basis and a growth of 32% on a quarter-on-quarter basis. Revenue structure has further improved, and non-interest income accounted for 18.19% of revenue, representing an increase of 5.97 percentage points on a year-on-year basis.

In the first quarter of 2012, the Company realized net profit of RMB 2,776 million, representing a growth of 16% on a year-on-year basis and a growth of 35% on a quarter-on-quarter basis. Non-interest income accounted for 17.71% of revenue, representing an increase of 5.49 percentage points on a year-on-year basis.

(3)Capital adequacy ratio in compliance with regulatory standard

As of the end of the reporting period, the capital adequacy ratio and core capital adequacy ratio of the Group were 11.63% and 8.63% respectively, while the capital adequacy ratio and core capital adequacy ratio of the Company were 11.12% and 9.96% respectively, and both of which met the regulatory requirements.

3.7.2 Asset and liability items

As of the end of reporting period, total assets of the Group amounted to RMB 1,368 billion, a growth of 9% over the beginning of the year; total liabilities amounted to RMB 1,289 billion, a growth of 9% over the beginning of the year. Total assets of the Company amounted to RMB 1,087.9 billion, a growth of 10% over the beginning of the year; total liabilities amounted to RMB 1,013 billion, a growth of 11% over the beginning of the year.

Asset structure and change

The Group

(in RMB million)

Item	March 31, 2012		December 31, 2011		Change from the end of reporting period over the end of previous year
	Amount	%	Amount	%	
Loan and advance	651,376	47.62%	620,642	49.33%	4.95%
Loan impairment provision	(11,269)	(0.82%)	(10,566)	(0.84%)	6.65%
Net loan and advance	640,107	46.79%	610,076	48.49%	4.92%
Investment and other financial	219,283	16.03%	203,757	16.19%	7.62%

assets					
Cash on hand and due from the Central Bank	171,899	12.57%	160,635	12.77%	7.01%
Placements of deposits with banks and other financial institutions	85,888	6.28%	39,884	3.17%	115.34%
Funds loaned to other financial institutions and reverse repurchase agreements	58,024	4.24%	42,751	3.40%	35.73%
Accounts receivable	159,843	11.68%	170,589	13.56%	-6.30%
Interest receivable	8,402	0.61%	7,274	0.58%	15.51%
Fixed assets	3,426	0.25%	3,524	0.28%	-2.78%
Intangible assets	5,885	0.43%	5,990	0.48%	-1.75%
Investment properties	257	0.02%	263	0.02%	-2.28%
Deferred tax assets	2,851	0.21%	2,890	0.23%	-1.35%
Other assets	12,140	0.89%	10,544	0.83%	15.14%
Total assets	1,368,005	100.00%	1,258,177	100.00%	8.73%

The Company

(in RMB million)

Item	March 31, 2012		December 31, 2011		Change from the end of reporting period over the end of previous year
	Amount	%	Amount	%	
Loan and advance	494,630	45.47%	469,902	47.57%	5.26%
Loan impairment provision	(9,456)	(0.87%)	(8,919)	(0.90%)	6.02%
Net loan and advance	485,174	44.60%	460,983	46.67%	5.25%
Investment and other financial assets	191,197	17.57%	176,181	17.84%	8.52%
Cash on hand and due from the Central Bank	129,675	11.92%	119,946	12.14%	8.11%
Placements of deposits with banks and other financial institutions	62,623	5.76%	15,346	1.55%	308.07%
Funds loaned to other financial institutions and reverse repurchase agreements	48,065	4.42%	34,934	3.54%	37.59%
Accounts receivable	155,051	14.25%	166,620	16.87%	-6.94%
Interest receivable	6,807	0.63%	5,564	0.56%	22.34%

Fixed assets	2,503	0.23%	2,563	0.26%	-2.34%
Intangible assets	241	0.02%	261	0.03%	-7.66%
Investment properties	208	0.02%	213	0.02%	-2.35%
Deferred tax assets	2,588	0.24%	2,606	0.26%	-0.69%
Other assets	3,768	0.34%	2,583	0.26%	45.88%
Total assets	1,087,900	100.00%	987,800	100.00%	10.13%

Liability structure and change

The Group

(in RMB million)

Item	March 31, 2012		December 31, 2011		Change from the end of reporting period over the end of previous year
	Amount	%	Amount	%	
Customer deposits	914,810	70.97%	850,845	71.94%	7.52%
Placement of deposits from banks and other financial institutions	249,281	19.34%	155,410	13.14%	60.40%
Funds borrowed from other financial institutions	13,979	1.08%	25,279	2.14%	-44.70%
Derivative financial liabilities	434	0.03%	732	0.06%	-40.71%
Repurchase assets	22,017	1.71%	39,197	3.31%	-43.83%
Employee salary payable	2,991	0.23%	3,600	0.30%	-16.92%
Tax payable	2,770	0.21%	2,536	0.21%	9.23%
Interest payable	10,895	0.85%	9,914	0.84%	9.90%
Bonds payable	16,061	1.25%	16,054	1.36%	0.04%
Deferred tax liabilities	1,373	0.11%	1,351	0.11%	1.63%
Other liabilities	54,437	4.22%	77,878	6.59%	-30.10%
Total liabilities	1,289,048	100.00%	1,182,796	100.00%	8.98%

The Company

(in RMB million)

Item	March 31, 2012		December 31, 2011		Change from the end of reporting period over the
	Amount	%	Amount	%	

					end of previous year
Customer deposits	697,275	68.85%	640,585	69.95%	8.85%
Placement of deposits from banks and other financial institutions	207,857	20.52%	125,309	13.69%	65.88%
Funds borrowed from other financial institutions	13,104	1.29%	24,470	2.67%	-46.45%
Derivative financial liabilities	425	0.04%	715	0.08%	-40.56%
Repurchase assets	17,000	1.68%	27,707	3.03%	-38.64%
Employee salary payable	2,436	0.24%	2,972	0.32%	-18.03%
Tax payable	2,274	0.22%	2,085	0.23%	9.06%
Interest payable	8,715	0.86%	7,769	0.85%	12.18%
Bonds payable	13,133	1.30%	13,130	1.43%	0.02%
Deferred tax liabilities	68	0.01%	66	0.01%	3.03%
Other liabilities	50,681	4.99%	70,854	7.74%	-28.74%
Total liabilities	1,012,968	100.00%	915,662	100.00%	10.61%

3.7.3 Asset quality

Under the influence of macro-economic and financial trend as well as credit crisis in Wenzhou, small and medium enterprises in regions such as Jiangsu and Zhejiang encountered problems such as low external demand and export, soaring operating costs and undersupply of funds. The Group's NPL balance and NPL ratio increased in the first quarter in 2012, but the overall risk was still controllable.

Overall quality of loans (including discount) as of the end of the reporting period

The Group

(in RMB million)

5-tier grading	March 31, 2012		December 31, 2011	
	Balance	%	Balance	%
Normal	642,251	98.60%	612,937	98.76%
Special mention	4,677	0.72%	4,410	0.71%
NPLs	4,448	0.68%	3,295	0.53%
Including: Substandard	2,840	0.44%	1,744	0.28%
Doubtful	867	0.13%	893	0.14%
Loss	741	0.11%	658	0.11%
Total Loans	651,376	100.00%	620,642	100.00%

As of the end of March 2012, the balance of NPL of the Group amounted to RMB 4,448 million, representing a growth of RMB 1,153 million or 34.99% over the beginning of the year, since the base number was relatively small. NPL ratio was 0.68%, representing an increase of 0.15 percentage point over the beginning of the year. Newly added NPLs were mainly caused by overdue loan of some enterprises, which mainly concentrated in Jiangsu and Zhejiang region, under the influence of overall macro environment, and most of the NPLs were secured. As of the end of the reporting period, special mention loan was still kept at a relatively low proportion in the industry.

The Company

(in RMB million)

5-tier grading	March 31, 2012		December 31, 2011	
	Balance	%	Balance	%
Normal	487,676	98.59%	463,937	98.73%
Special mention	3,246	0.66%	3,227	0.69%
NPLs	3,708	0.75%	2,738	0.58%
Including: Substandard	2,562	0.52%	1,595	0.34%
Doubtful	673	0.13%	717	0.15%
Loss	473	0.10%	426	0.09%
Total Loans	494,630	100.00%	469,902	100.00%

As of the end of March 2012, the balance of NPL of the Company amounted to RMB 3,708 million, representing a growth of RMB 970 million or 35.43% over the beginning of the year, since the base number was relatively small. NPL ratio was 0.75%, representing an increase of 0.17 percentage point over the beginning of the year.

Loan structure and quality by industry as of the end of the reporting period

The Group

(in RMB million)

Industries	March 31, 2012			December 31, 2011		
	Balance	%	Non-performing ratio	Balance	%	Non-performing ratio
Agriculture, husbandry and	1,711	0.26%	0.58%	1,695	0.27%	0.00%

fishery						
Mining (Heavy industry)	8,199	1.26%	0.00%	6,619	1.07%	0.00%
Manufacturing (Light industry)	147,030	22.57%	1.24%	134,197	21.62%	0.78%
Energy	15,148	2.33%	0.00%	14,644	2.36%	0.00%
Transportation, posts and telecommunication	29,532	4.53%	0.47%	29,259	4.71%	0.40%
Commercial	119,129	18.29%	1.17%	106,970	17.24%	0.99%
Real estate	39,116	6.01%	0.14%	36,633	5.90%	0.54%
Social service, technology, culture and sanitary industries	50,268	7.72%	0.27%	51,689	8.33%	0.27%
Construction	27,514	4.22%	0.08%	27,570	4.44%	0.09%
Others (mainly personal loans)	195,607	30.03%	0.44%	193,683	31.21%	0.36%
Discount	18,122	2.78%	0.00%	17,683	2.85%	0.07%
Total loans and advances	651,376	100.00%	0.68%	620,642	100.00%	0.53%

As of the end of March 2012, the loans of the Group mainly concentrated in other loans (mainly personal loans), manufacturing and commercial, and the loan balances were RMB 195.607 billion, RMB 147.030 billion and RMB 119.129 billion respectively, accounting for 30.03%, 22.57% and 18.29% of total loans. The Group's NPLs mainly concentrated in manufacturing and commercial, and NPL ratios for other industries accounted for less than 1%.

In the first quarter of 2012, the Group's new loans mainly concentrated in manufacturing, commercial and other loans (mainly personal loans), representing a growth of RMB 12.833 billion, RMB 12.159 billion and RMB 1,924 million over the beginning of the year and accounting for 41.76%, 39.56% and 6.26% of total new loans.

The Company

(in RMB million)

Industries	March 31, 2012			December 31, 2011		
	Balance	%	Non-performing ratio	Balance	%	Non-performing ratio
Agriculture, husbandry and fishery	1,219	0.25%	0.82%	1,092	0.23%	0.00%
Mining (Heavy industry)	7,320	1.48%	0.00%	5,754	1.22%	0.00%
Manufacturing (Light industry)	117,160	23.69%	1.38%	107,971	22.98%	0.87%
Energy	10,793	2.18%	0.00%	10,862	2.31%	0.00%
Transportation, posts and telecommunication	18,939	3.83%	0.72%	18,947	4.03%	0.59%
Commercial	102,093	20.64%	1.33%	89,162	18.97%	1.16%
Real estate	24,638	4.98%	0.22%	22,934	4.88%	0.86%
Social service, technology, culture and sanitary industries	33,734	6.82%	0.18%	34,973	7.44%	0.17%
Construction	18,557	3.75%	0.12%	18,742	3.99%	0.14%
Others (mainly personal loans)	143,882	29.09%	0.31%	142,753	30.39%	0.25%
Discount	16,295	3.29%	0.00%	16,712	3.56%	0.07%
Total loans and advances	494,630	100.00%	0.75%	469,902	100.00%	0.58%

As of the end of March 2012, the loans of the Company mainly concentrated in other loans (mainly personal loans), manufacturing and commercial, and the loan balances were RMB 143.882 billion, RMB 117.160 billion and RMB 102.093 billion respectively, accounting for 29.09%, 23.69% and 20.64% of total loans. The Company's NPLs mainly concentrated in manufacturing and commercial, and NPL ratios for other industries accounted for less than 1%.

In the first quarter of 2012, the Company's new loans mainly concentrated in commercial, manufacturing and mining, representing a growth of RMB 12.930 billion, RMB 9,189 million and RMB 1,566 million over the beginning of the year and accounting for 52.29%, 37.16% and 6.33% of total new loans.

Loan structure and quality by product as of the end of the reporting period

The Group

(in RMB million)

Item	March 31, 2012		December 31, 2011		Change of non-performing ratio
	Balance	Non-performing ratio	Balance	Non-performing ratio	
Corporate loans (excluding credit cards)	460,127	0.78%	430,702	0.60%	0.18 percentage points
Including: general loans	442,005	0.81%	413,019	0.63%	0.18 percentage points
Discounted bills	18,122	0.00%	17,683	0.07%	-0.07 percentage points
Retail loans (excluding credit cards)	165,494	0.31%	165,227	0.25%	0.06 percentage points
Including: House mortgage loans	73,020	0.21%	75,373	0.19%	0.02 percentage points
Entrepreneur loans	45,166	0.40%	43,353	0.31%	0.09 percentage points

Auto loans	13,466	0.24%	12,705	0.23%	0.01 percentage points
Others	33,842	0.42%	33,796	0.32%	0.10 percentage points
Credit card receivables	25,755	1.37%	24,713	1.10%	0.27 percentage points
Total loans	651,376	0.68%	620,642	0.53%	0.15 percentage points

The Company

(in RMB million)

Item	March 31, 2012		December 31, 2011		Change of non-performing ratio
	Balance	Non-performing ratio	Balance	Non-performing ratio	
Corporate loans (excluding credit cards)	355,105	0.92%	330,892	0.72%	0.20 percentage points
Including: general loans	338,810	0.96%	314,180	0.76%	0.20 percentage points
Discounted bills	16,295	0.00%	16,712	0.07%	-0.07 percentage points
Retail loans (excluding credit cards)	128,835	0.26%	129,389	0.27%	-0.01 percentage points
Including: House mortgage loans	61,452	0.17%	63,629	0.16%	0.01 percentage points
Entrepreneur loans	36,973	0.39%	36,229	0.31%	0.08 percentage points
Auto	13,439	0.23%	12,663	0.22%	0.01 percentage points

loans					
Others	16,971	0.32%	16,868	0.31%	0.01 percentage points
Credit card receivables	10,690	1.04%	9,621	0.61%	0.43 percentage points
Total loans	494,630	0.75%	469,902	0.58%	0.17 percentage points

Changes of loan impairment provision balance in the reporting period

The Group

(in RMB million)

Item	January-March 2012	January-March 2011
Opening balance	10,566	6,425
Add: total credit provision in current period (including provision for non-credit impairment)	686	241
Less: interest offset of impaired loans	31	20
Less: Provision for non-credit impairment	22	1
Net provisions for loans in current period	633	220
Add: Recoveries in current period	69	195
Add: Exchange difference and other changes	1	(1)
Less: Write-off in current period	-	49
Closing balance	11,269	6,790

The Company

(in RMB million)

Item	January-March 2012	January-March 2011
Opening balance	8,919	6,425
Add: total credit provision in current period (including provision for non-credit impairment)	521	241
Less: interest offset of impaired loans	30	20
Less: Provision for non-credit impairment	19	1
Net provisions for loans in current	472	220

period		
Add: Recoveries in current period	65	195
Add: Exchange difference and other changes	-	(1)
Less: Write-off in current period	-	49
Closing balance	9,456	6,790

Restructured, overdue and non-accrual loans in the reporting period

The Group

(in RMB million)

Item	March 31, 2012		December 31, 2011	
	Balance	Percentage over total loans	Balance	Percentage over total loans
Restructured loans	818	0.13%	992	0.16%
Overdue loans	1,442	0.22%	1,976	0.32%
Non-accrual loans	4,666	0.72%	2,771	0.45%

(1) As of the end of March 2012, the restructured loan balance of the Group was RMB 818 million, representing a decrease of RMB 174 million or 17.54% over the beginning of the year, primarily due to further improvement of disposal efficiency of non-performing assets by the Group through its reinforced management of restructured loans and its strengthened collection and disposal of restructured loans in respect of non-performing assets.

(2) As of the end of March 2012, the overdue loan balance of the Group was RMB 1,442 million, representing a decrease of RMB 534 million or 27.02% over the beginning of the year, partially due to strengthened collection and disposal of non-performing assets by the Group and partially due to the fact that overdue loans were transferred into non-accrual loans since the overdue time for principal or interests of those loans has exceeded 90 days.

(3) As of the end of March 2012, the non-accrual loan balance of the Group was RMB 4,666 million, representing an increase of RMB 1,895 million or 68.39% over the beginning of the year. Mainly under the influence of macro-economic and financial trend as well as credit crisis in Wenzhou, some enterprises could not repay bank loans due on a timely basis, and thus were transferred to non-accrual loans.

The Company

(in RMB million)

Item	March 31, 2012		December 31, 2011	
	Balance	Percentage over total loans	Balance	Percentage over total loans
Restructured loans	802	0.16%	857	0.18%
Overdue loans	831	0.17%	1,436	0.31%
Non-accrual loans	3,933	0.79%	2,262	0.48%

As of the end of March 2012, the restructured loan balance of the Company was RMB 802 million, representing a decrease of RMB 55 million or 6.42% over the beginning of the year. The overdue loan balance was RMB 831 million, representing a decrease of RMB 605 million or 42.13% over the beginning of the year. The non-accrual loan balance was RMB 3,933 million, representing an increase of RMB 1,671 million or 73.87% over the beginning of the year.

Government financing platform loans

After the unpack of the government financing platform loans in 2010 and a special cleanup and standardization of government financing platform loans in 2011, the Group has initially established and improved the "list system" information management system, and gradually achieved effective control of platform loans according to the scheduled work plan, which laid a good foundation for preventing and resolving platform loan risk.

The Group

As of the end of March 2012, the platform loan (including loans corrected to general corporate loans and those still managed as platform loans) balance of the Group was RMB 47.328 billion, a decrease of RMB 3,608 million or 7.08% over the beginning of the year, accounting for 7.26% of total loan balance.

- Among which: in terms of loan type, the balance of loans of the Group corrected to general corporate loans was RMB 20.594 billion, accounting for 3.16% of total loan balance; the balance of loans still managed as platform loans was RMB26.734 billion, accounting for 4.10% of total loan balance.
- In terms of loan quality, the platform loan quality of the Bank remained good with no non-performing loan.

The Company

As of the end of March 2012, the platform loan (including loans corrected to general corporate loans and those still managed as platform loans) balance of the Bank was RMB 34.211 billion, a decrease of RMB 2,293 million or 6.28% over the beginning of the year, accounting for 6.91% of total loan balance.

- Among which: in terms of loan type, the balance of loans of the Bank corrected to general corporate loans was RMB 15.031 billion, accounting for 3.04% of total loan balance; the balance of loans still managed as platform loans was RMB19.180 billion, accounting for 3.88% of total loan balance.
- In terms of loan quality, the platform loan quality of the Bank remained good with no non-performing loan.

Recovery of non-performing assets

The Group

The Group achieved substantial recovery results in the first quarter of 2012. It recovered non-performing assets of RMB400 million in aggregate throughout the year, including credit assets (loan principal) of RMB352 million. Of the recovered principal amount of credit assets, loans of RMB69 million were written off and non-performing loans of RMB283 million were not written off. 99% of the non-performing credit assets were recovered in cash while the others were recovered in the form of repossessed assets.

The Company

The Company recovered non-performing assets of RMB378 million in aggregate in the first quarter of 2012, including credit assets (loan principal) of RMB332 million. Of the recovered principal amount of credit assets, loans of RMB65 million were written off and non-performing loans of RMB267 million were not written off. 99% of the non-performing credit assets were recovered in cash while the others were recovered in the form of repossessed assets.

3.7.4 Income and profit

Interest income and expense

Daily average balance, and daily average yield or daily average cost rate of the major asset and liability items during the report period

The Group

(in RMB million, %)

Item	January-March 2012			January-March 2011		
	Daily average balance	Interest income/outlay	Average return/cost (%)	Daily average balance	Interest income/outlay	Average return/cost (%)
Assets						
Loans and advances (excluding discount)	618,152	10,783	7.02%	403,465	5,695	5.72%

Bond investment	194,641	1,953	4.04%	99,123	803	3.28%
Placement at PBOC	169,569	644	1.53%	76,749	283	1.50%
Discounted bills and inter-banks business	139,210	2,107	6.09%	178,879	2,312	5.24%
Others	171,612	2,879	6.75%	15,139	126	3.38%
Total interest-earning assets	1,293,184	18,366	5.71%	773,355	9,219	4.83%
Liabilities						
Deposits	864,359	5,416	2.52%	562,681	2,343	1.69%
Bond issue	16,126	251	6.25%	9,472	142	6.08%
Inter-bank business	274,666	3,604	5.28%	155,843	1,574	4.10%
Others	63,059	1,141	7.27%	5,512	56	4.11%
Total interest-bearing liabilities	1,218,210	10,411	3.44%	733,508	4,115	2.28%
Net interest income		7,955			5,104	
Loan-to-deposit spread			4.50%			4.04%
NIS			2.27%			2.56%
NIM			2.47%			2.68%

NIS = Yield of interest-earning asset – cost of interest –bearing liabilities.

NIM = (Net interest income/average daily balance of interest-earning assets) * 100%.

Inter-bank liabilities and scale of bond issue for this quarter has increased as compared with the same period last year, and the increase in liability cost has lowered NIS and NIM, but loan-to-deposit spread with significant impact on net interest income has increased on a year-on-year basis.

Item	January-March 2012			October-December 2011		
	Daily average balance	Interest income/outlay	Average return/cost (%)	Daily average balance	Interest income/outlay	Average return/cost (%)
Assets						
Loans and advances (excluding	618,152	10,783	7.02%	598,900	10,335	6.85%

discount)						
Bond investment	194,641	1,953	4.04%	191,950	1,862	3.85%
Placement at PBOC	169,569	644	1.53%	145,061	557	1.52%
Discounted bills and inter-banks business	139,210	2,107	6.09%	139,216	2,104	6.00%
Others	171,612	2,879	6.75%	143,427	2,386	6.60%
Total interest-earning assets	1,293,184	18,366	5.71%	1,218,554	17,245	5.61%
Liabilities						
Deposits	864,359	5,416	2.52%	819,682	5,017	2.43%
Bond issue	16,126	251	6.25%	16,123	251	6.18%
Inter-bank business	274,666	3,604	5.28%	250,146	3,332	5.28%
Others	63,059	1,141	7.27%	60,522	1,119	7.33%
Total interest-bearing liabilities	1,218,210	10,411	3.44%	1,146,473	9,718	3.36%
Net interest income		7,955			7,527	
Loan-to-deposit spread			4.50%			4.42%
NIS			2.27%			2.25%
NIM			2.47%			2.45%

In terms of quarter-on-quarter basis, given the good asset and liability structure and pricing management in this quarter, loan-to-deposit spread, NIS and NIM for the quarter increased as compared with the last quarter.

Return on loans and advances

(in RMB million, %)

Item	January-March 2012			January-March 2011		
	Daily average balance	Interest income	Average return (%)	Daily average balance	Interest income	Average return (%)
Corporate loans (excluding discount)	419,131	7,468	7.17%	280,290	3,965	5.74%

Personal loans	199,021	3,315	6.70%	123,175	1,730	5.70%
Loans and advances (excluding discount)	618,152	10,783	7.02%	403,465	5,695	5.72%

Item	January-March 2012			October-December 2011		
	Daily average balance	Interest income	Average return (%)	Daily average balance	Interest income	Average return (%)
Corporate loans (excluding discount)	419,131	7,468	7.17%	411,952	7,194	6.93%
Personal loans	199,021	3,315	6.70%	186,948	3,141	6.67%
Loans and advances (excluding discount)	618,152	10,783	7.02%	598,900	10,335	6.85%

Interests paid for customer deposits

(in RMB million, %)

Item	January-March 2012			January-March 2011		
	Daily average balance	Interest outlay	Average cost (%)	Daily average balance	Interest outlay	Average cost (%)
Corporate deposits	499,161	3,104	2.50%	334,486	1,434	1.74%
Including: demand deposits	194,859	374	0.77%	155,482	243	0.63%
Time deposits	304,302	2,730	3.61%	179,004	1,191	2.70%
Including: treasury & negotiation deposits	57,104	778	5.48%	34,766	396	4.62%
Guarantee deposits	221,285	1,417	2.58%	142,503	542	1.54%
Retail deposits	143,913	895	2.50%	85,692	367	1.74%
Including: demand deposits	53,661	71	0.54%	29,276	30	0.41%
Time deposits	90,252	823	3.67%	56,416	337	2.42%

Total deposits	864,359	5,416	2.52%	562,681	2,343	1.69%
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Item	January-March 2012			October-December 2011		
	Daily average balance	Interest outlay	Average cost (%)	Daily average balance	Interest outlay	Average cost (%)
Corporate deposits	499,161	3,104	2.50%	485,699	2,988	2.44%
Including: demand deposits	194,859	374	0.77%	200,670	416	0.82%
Time deposits	304,302	2,730	3.61%	285,029	2,572	3.58%
Including: treasury & negotiation deposits	57,104	778	5.48%	57,841	761	5.22%
Guarantee deposits	221,285	1,417	2.58%	202,185	1,268	2.49%
Retail deposits	143,913	895	2.50%	131,798	760	2.29%
Including: demand deposits	53,661	71	0.54%	49,172	63	0.51%
Time deposits	90,252	823	3.67%	82,626	697	3.35%
Total deposits	864,359	5,416	2.52%	819,682	5,017	2.43%

The Company

(in RMB million, %)

Item	January-March 2012			January-March 2011		
	Daily average balance	Interest income/outlay	Average return/cost (%)	Daily average balance	Interest income/outlay	Average return/cost (%)
Assets						
Loans and advances (excluding discount)	465,390	8,074	6.98%	403,465	5,695	5.72%
Bond investment	138,504	1,360	3.95%	99,123	803	3.28%
Placement at PBOC	127,066	483	1.53%	76,749	283	1.50%
Bills and inter-banks business	108,154	1,645	6.12%	178,879	2,312	5.24%
Others	166,751	2,788	6.72%	15,139	126	3.38%

Total interest-earning assets	1,005,864	14,350	5.74%	773,355	9,219	4.83%
Liabilities						
Deposits	660,754	4,124	2.51%	562,681	2,343	1.69%
Bond issue	13,132	211	6.46%	9,472	142	6.08%
Inter-bank business	217,750	2,906	5.37%	155,843	1,574	4.10%
Others	60,075	1,084	7.26%	5,512	56	4.11%
Total interest-bearing liabilities	951,711	8,325	3.52%	733,508	4,115	2.28%
Net interest income		6,024			5,104	
Loan-to-deposit spread			4.47%			4.04%
NIS			2.22%			2.56%
NIM			2.41%			2.68%

NIS = Yield of interest-earning asset – cost of interest –bearing liabilities.

NIM = (Net interest income/average daily balance of interest-earning assets) * 100%.

Loan-to-deposit spread for this quarter has increased on a year-on-year basis, but both the NIS and NIM have decreased, which were due to the increase in liability cost brought by the increase in inter-bank liabilities and scale of bond issue, and thus lowered interest spread and interest margin.

Item	January-March 2012			October-December 2011		
	Daily average balance	Interest income/outlay	Average return/cost (%)	Daily average balance	Interest income/outlay	Average return/cost (%)
Assets						
Loans and advances (excluding discount)	465,390	8,074	6.98%	449,710	7,737	6.83%
Bond investment	138,504	1,360	3.95%	134,618	1,326	3.91%
Placement at PBOC	127,066	483	1.53%	106,154	409	1.53%
Bills and inter-banks business	108,154	1,645	6.12%	101,870	1,560	6.08%
Others	166,751	2,788	6.72%	140,831	2,335	6.58%
Total	1,005,864	14,350	5.74%	933,183	13,367	5.68%

interest-earning assets						
Liabilities						
Deposits	660,754	4,124	2.51%	619,861	3,789	2.43%
Bond issue	13,132	211	6.46%	13,129	215	6.50%
Inter-bank business	217,750	2,906	5.37%	190,026	2,579	5.38%
Others	60,075	1,084	7.26%	58,014	1,069	7.31%
Total interest-bearing liabilities	951,711	8,325	3.52%	881,030	7,652	3.45%
Net interest income		6,024			5,715	
Loan-to-deposit spread			4.47%			4.40%
NIS			2.22%			2.23%
NIM			2.41%			2.43%

Return on loans and advances

(in RMB million, %)

Item	January-March 2012			January-March 2011		
	Daily average balance	Interest income	Average return (%)	Daily average balance	Interest income	Average return (%)
Corporate loans (excluding discount)	317,691	5,672	7.18%	280,290	3,965	5.74%
Personal loans	147,699	2,402	6.54%	123,175	1,730	5.70%
Loans and advances (excluding discount)	465,390	8,074	6.98%	403,465	5,695	5.72%

Item	January-March 2012			October-December 2011		
	Daily average balance	Interest income	Average return (%)	Daily average balance	Interest income	Average return (%)
Corporate loans (excluding discount)	317,691	5,672	7.18%	312,140	5,443	6.92%
Personal loans	147,699	2,402	6.54%	137,570	2,294	6.62%
Loans and advances	465,390	8,074	6.98%	449,710	7,737	6.83%

(excluding discount)						
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Interests paid for customer deposits

(in RMB million, %)

Item	January-March 2012			January-March 2011		
	Daily average balance	Interest outlay	Average cost (%)	Daily average balance	Interest outlay	Average cost (%)
Corporate deposits	359,242	2,206	2.47%	334,486	1,434	1.74%
Including: demand deposits	138,732	274	0.80%	155,482	243	0.63%
Time deposits	220,510	1,932	3.52%	179,004	1,191	2.70%
Including: treasury & negotiation deposits	52,888	721	5.48%	34,766	396	4.62%
Guarantee deposits	187,721	1,130	2.42%	142,503	542	1.54%
Retail deposits	113,791	788	2.79%	85,692	367	1.74%
Including: demand deposits	34,235	47	0.56%	29,276	30	0.41%
Time deposits	79,556	741	3.75%	56,416	337	2.42%
Total deposits	660,754	4,124	2.51%	562,681	2,343	1.69%

Item	January-March 2012			October-December 2011		
	Daily average balance	Interest outlay	Average cost (%)	Daily average balance	Interest outlay	Average cost (%)
Corporate deposits	359,242	2,206	2.47%	348,514	2,111	2.40%
Including: demand deposits	138,732	274	0.80%	143,293	310	0.86%
Time deposits	220,510	1,932	3.52%	205,221	1,801	3.48%
Including: treasury & negotiation deposits	52,888	721	5.48%	47,291	626	5.25%
Guarantee deposits	187,721	1,130	2.42%	167,924	1,017	2.40%
Retail deposits	113,791	788	2.79%	103,423	661	2.54%
Including: demand	34,235	47	0.56%	31,557	41	0.52%

deposits						
Time deposits	79,556	741	3.75%	71,866	620	3.42%
Total deposits	660,754	4,124	2.51%	619,861	3,789	2.43%

Fee income and expense

The Group

(in RMB million)

Item	January-March 2012	January-March 2011	Change
Fee income of settlement	225	145	55.17%
Fee income of WM	137	35	291.43%
Fee income of agency and entrustment	272	41	563.41%
Fee income of bank card business	491	149	229.53%
Consultation fees	150	95	57.89%
Account management fee income	113	11	927.27%
Others	208	68	205.88%
Subtotal of fee income	1,596	544	193.38%
Fee outlay for agency business	24	15	60.00%
Fee outlay for bank card	104	41	153.66%
Others	20	6	233.33%
Subtotal of fee and commission outlay	148	62	138.71%
Net fee and commission income	1,448	482	200.41%

The Company

(in RMB million)

Item	January-March 2012	January-March 2011	Change
Fee income of settlement	184	145	26.90%
Fee income of WM	97	35	177.14%
Fee income of agency and entrustment	218	41	431.71%
Fee income of bank card business	260	149	74.50%
Consultation fees	146	95	53.68%
Account management fee income	11	11	-
Others	169	68	148.53%
Subtotal of fee income	1,085	544	99.45%
Fee outlay for agency business	24	15	60.00%
Fee outlay for bank card	57	41	39.02%

Others	12	6	100.00%
Subtotal of fee and commission outlay	93	62	50.00%
Net fee and commission income	992	482	105.81%

3.7.5 Capital adequacy ratio

In 2011, the Group completed non-public offering and hence its capital was further raised. As of the end of March 2012, the capital adequacy ratio and core capital adequacy ratio of the Group were 11.63% and 8.63% respectively, while the capital adequacy ratio and core capital adequacy ratio of the Company were 11.12% and 9.96% respectively, and both of which met the regulatory requirements.

3.7.6 Business development

Corporate business

The Group

As of the end of March 2012, the balance of the corporate deposits increased by 6.9% from the beginning of the year, while the balance of the corporate loans increased by 6.8% from the beginning of the year.

In the first quarter, the Group launched 371 products for corporate wealth management, with scale of sales aggregating to RMB 35.5 billion, realizing intermediate business income of RMB 9.36 million.

In the first quarter, the Group's trade finance business has grown rapidly, and the balance was RMB 253.3 billion, representing an increase of 9% over the beginning of the year. The number of customers of trade finance amounted to 10,037, remaining stable compared with the beginning of the year. NPL ratio was 0.30%, which continued to remain at a relatively low level. In terms of trade finance structure, both of the domestic and international trade finance recorded a growth. Domestic trade finance increased by RMB 15 billion or 7% over the beginning of the year, while international trade finance increased by RMB 4.9 billion or 16% over the beginning of the year. In terms of regional distribution, the Northern Region and the Eastern Region grew by RMB 8.2 billion and 7.6 billion respectively, accounting for 41% and 38% of the total growth. In the first quarter, the expansion of channels for "total to total" supply chain financial business made satisfactory progress, and 12 new core customers were added, making the total number of "total to total" core customers reach 180.

International and offshore settlement increased by 23% on a year-on-year basis, international and offshore intermediate business income increased by 15% on a year-on-year basis, and sales settlement increased by 16% on a year-on-year basis.

The Company

As of the end of March 2012, the balance of the corporate deposits increased by 8% over the beginning of the year, while the balance of the corporate loans increased by 7% over the beginning

of the year. The number of trade finance customers was 9,773, and non-performing ratio was 0.31%,

Table of trade finance

The Group

(in RMB million)

Item	March 31, 2012	%	December 31, 2011	%	Change
Trade finance balance	253,250	100.0%	233,356	100.0%	8.5%
Region: East Region	63,993	25.3%	56,438	24.2%	13.4%
Region South	89,799	35.4%	89,561	38.4%	0.3%
Region West	24,777	9.8%	20,914	9.0%	18.5%
Region North	74,681	29.5%	66,443	28.4%	12.4%
Domestic/International: Domestic	217,475	85.9%	202,463	86.8%	7.4%
International (including offshore)	35,775	14.1%	30,893	13.2%	15.8%
Export	2,634	1.0%	2,013	0.8%	30.9%
Import	33,141	13.1%	28,880	12.4%	14.8%

The Company

(in RMB million)

Item	March 31, 2012	%	December 31, 2011	%	Change
Trade finance balance	244,056	100.0%	224,635	100.0%	8.6%
Region: East	61,734	25.3%	53,951	24.0%	14.4%
Region South	82,865	34.0%	83,326	37.1%	-0.6%
Region West	24,777	10.2%	20,914	9.3%	18.5%
Region North	74,681	30.5%	66,443	29.6%	12.4%
Domestic/International: Domestic	211,723	86.8%	197,306	87.8%	7.3%
International (including offshore)	32,333	13.2%	27,329	12.2%	18.3%
Export	2,487	1.0%	1,981	0.9%	25.6%
Import	29,846	12.2%	25,348	11.3%	17.7%

Retail business

The Group

(I) Steady growth in retail sales of wealth management products and rapid growth in income from intermediate business

Retail sales of wealth management business were significantly raised by increasing the frequency of launching products. As of the end of the first quarter of 2012, the issuance amount of the Group's wealth management business totaled RMB 170 billion, and fee income for wealth management products has increased by 138% on a year-on-year basis.

(II) Rapid growth in agency trust and agency insurance business and continuous enrichment in agency fund products

1. Agency Trust business: In the first quarter of 2012, the Group's agency trust business has achieved a relatively significant breakthrough. The Group was authorized to promote trust products of a total of RMB 1,800 million, representing an increase of 137% on a year-on-year basis. The Group will continue to expand the co-operation with trust companies to formulate product supply deployment with integration of different points. Meanwhile, target customer groups will be classified in details via customer analysis and selection, and more efforts will be put on enhancing the comprehensive deployment services for assets of customers with high new value.

2. Agency Insurance Business: In the first quarter of 2012, the Group's agency insurance business leveraged on a good start in marketing, and realized a relatively large growth in the scale of premium. Bancassurance counter business realized premium of RMB 330 million, FPM/IPS items realized premium of RMB 9.4 million, and agency fee income was RMB 8.42 million.

The Group will continue to strengthen the co-operation in bancassurance business with Ping An with an aim to actively commence the trial and promotion of FPM/IPS model. At the same time, break through the single outlet model to further promote the dimensional portfolio sales of outlets, remote and credit card channels and to realize the comprehensive facilitation of agency insurance business.

3. Agency Fund business: Integrating the overall change in the environment of capital market, the Group put emphasis on commencing the agency sales of stable fund products in the first quarter. Total agency fund sales amounted to RMB 1,600 million, representing an increase of 61% on a year-on-year basis.

(III) Increase in overall income level of personal loans and the maintenance of overall scale

As of the end of March 2012, the balance of personal loan of the Group (excluding credit cards) was RMB 165.5 billion, representing an increase of RMB 270 million over the beginning of the year.

Under the combined influence of continuous adjustment in real estate market and economic cycle, traditional housing loans recorded negative growth. The growth in micro loan business was lower than planned, but since SDB has adjusted its business focus on developing credit loans in

preliminary period, the business has shown rapid growth in the first quarter of the year. Coupled with the market influence of Ping An on such business, as of 31 March, credit business has increased by RMB 1,480 million over the beginning of the year, and has become an essential driving force for the growth in personal loans.

The Company

As of the end of March 2012, the issuance amount of retail wealth management products was RMB 133.7 billion, and wealth management product fee income has increased by 189% on a year-on-year basis.

In the first quarter of 2012, bank and insurance counter business realized premium of RMB 200 million, and premium of FPM items was RMB 4.69 million, and distribution fee income has increased by 82% on a year-on-year basis.

In the first quarter of 2012, the Company was authorized to promote trust products of a total of RMB 1,000 million, representing a significant increase of 492% on a year-on-year basis.

As of the end of March 2012, the balance of personal loan of the Company (excluding credit cards) was RMB 128.8 billion, representing a decrease of RMB 600 million.

Table of retail loans

The Group

(in RMB million)				
	March 31, 2012	%	December 31, 2011	%
I. Retail loan excl. Credit Card				
Total balance of personal loan excl. CC	165,494	100.00%	165,224	100.00%
Among which: Total non-performing loans	505	0.31%	419	0.25%
II. Mortgage loans in personal loans				
Mortgage loan balance	77,373	46.75%	79,749	48.27%
Among which: Home mortgage Loans	73,020	44.12%	75,373	45.62%
Non-performing mortgage	178	0.23%	165	0.21%
Among which: Non-performing housing mortgage	153	0.21%	146	0.19%

The Company

(in RMB million)				
	March 31, 2012	%	December 31, 2011	%
I. Retail loan excl. Credit Card				

Total balance of personal loan excl. CC	128,836	100.00%	129,389	100.00%
Among which: Total non-performing loans	335	0.26%	349	0.27%
II. Mortgage loans in personal loans				
Mortgage loan balance	65,164	50.58%	67,362	52.06%
Among which: Home mortgage Loans	61,452	47.70%	63,629	49.18%
Non-performing mortgage	117	0.18%	109	0.16%
Among which: Non-performing housing mortgage	104	0.17%	103	0.16%

Treasury Business

The Group

In the first quarter of 2012, the Group achieved rapid growth in inter-bank business size and made significant achievements in channel expansion. The inter-bank profits grew continuously. The Group continued to accelerate the establishment of its inter-bank platform system and expand inter-bank channels, which have improved inter-bank market activity and influence steadily. The number of online third-party custody broker partners was around 60, and the Group started to cooperate with various banks in the areas of third-party custody, precious metal agency and wealth management businesses. Meanwhile, an integrated financial service platform was set up for various customers by leveraging resources within Ping An Group and actively exploring cross-selling solutions of financial products.

(I) Enhancement of the research and development for wealth management products

The wealth management products include assets management products, structural products, hedging products, covering (amongst others) fixed income, exchange rates and commodities. In the first quarter of 2012, volume of research and development of various types of wealth management products of the Group grew by 145% on a year-on-year basis. The size of wealth management pool grew by 118% on a year-on-year basis while the average daily scale of assets management products grew by 131% on a year-on-year basis.

(II) Precious metal trading on the top rank in the industry

In the first quarter of 2012, the precious metal business of the Group continued to maintain its rapid growth, with a year-on-year growth of 19% in the trading volume of the precious metal agency business. The income of agency business grew by 4% on a year-on-year basis while the total income of precious metal grew by 38% on a year-on-year basis. In particular, the volume of silver agency business ranked fourth in the gold exchange market.

(III) Foreign exchange trading grew well

In the first quarter of 2012, the Group has an accumulated business volume of spot settlement, and sales of foreign exchange grew by 40% on a year-on-year basis, better performing

the responsibilities of the Renminbi foreign exchange market maker. Furthermore, the Group realized certain spread income while providing the market with liquidity.

The Company

The Company has a year-on-year growth of 166% in the volume of research and development of various types of wealth management products. The size of wealth management pool grew by 119% on a year-on-year basis while the average daily scale of assets management products grew by 155% on a year-on-year basis.

Credit card business

The Group

In the first quarter of 2012, the Group's credit card business realized rapid and steady growth and maintained stable profitability. The quality of new customers was steadily upgraded. As of March 2012, 900,000 new cards were issued in the year. The number of credit cards in circulation reached 9.64 million. The loan balance reached RMB25.8 billion, of which, balance of NPL was RMB400 million, and the NPL ratio was 1.37%. In the first quarter of 2012, the Group organized a variety of marketing campaigns, such as "Winning a good fortune in the brilliant year of golden dragon with your credit cards" and "Pay by credit cards every day", to cater for the diversified needs of the customers, and received good market response. In addition, by leveraging on Ping An's integrated finance platform, the Group expanded the cross-selling business. In the first quarter of 2012, the SDB-PA Life co-branded credit card and SDB I auto credit card recorded a card issuance volume of 450,000.

The Company

As of the end of March, 2012, the company issued 770,000 new cards. The number of effective credit cards reached to 6.40 million, of which, the number of credit cards in circulation reached to 4.59 million. The loan balance reached RMB10.7 billion, of which, balance of NPL was RMB100 million, and the NPL ratio was 1.04%.

Financial service to micro enterprises

The Group

During the reporting period, the Group continued to make progress in establishing micro finance business system and the investment in institution establishment, staff allocation, risk control system and supporting resources continued to increase. As of the end of March 2012, the balance of micro loans of the Group increased by 6% from the beginning of the year to RMB50.9 billion and the NPL ratio was 0.58%. The significant growth of personal entrepreneur loans was the main driver of the overall growth of micro finance from the perspective of business types. The

balance of personal entrepreneur loans increased by RMB2.3 billion from the beginning of the year to RMB41.9 billion and accounted for 81% of the overall growth of micro finance business, among which, West Region recorded a significant growth of 28%.

By establishing a comprehensive organizational system, risk system, policy system and marketing system, the Group also focused on preventing the increase in NPL ratio. The Group closely focused on target customer group and enriched its micro products. By leveraging on differentiated risk management strategies, the Group would also carry out standardized professional management. In particular, the Group would implement the “price cover risk” mechanism, fully allocate and utilize various resources, and continuously improve the Group’s characterized business model of the micro business.

(in RMB million)

Item	March 31, 2012		December 31, 2011		Compared to the beginning of the Year	
	Balance of loans	%	Balance of loans	%	Increase/decrease(±)	Rate
Loans to micro business	50,884	100.00%	48,028	100.00%	2,856	5.95%
Of which: East Region	23,860	46.89%	23,894	49.75%	-34	-0.14%
South Region	15,896	31.24%	14,464	30.12%	1,432	9.90%
West Region	3,785	7.44%	2,964	6.17%	821	27.70%
North Region	7,343	14.43%	6,706	13.96%	637	9.50%

The Company

As of the end of March 2012, the balance of micro loans of the Company increased by 4% from the beginning of the year to RMB42.7 billion and the NPL ratio was 0.60%.

(in RMB million)

Items	March 31, 2012		December 31, 2011		Compared to the beginning of the Year	
	Balance of loans	%	Balance of loans	%	Increase/decrease(±)	Rate
Loans to micro business	42,675	100.00%	40,856	100.00%	1,819	4.45%
Of which: East Region	18,421	43.17%	19,160	46.90%	-739	-3.86%
South	13,126	30.76%	12,026	29.44%	1,100	9.15%

Region						
West Region	3,785	8.87%	2,964	7.25%	821	27.70%
North Region	7,343	17.20%	6,706	16.41%	637	9.50%

3.7.7. Institution expansion

During the reporting period, the Group has newly opened 4 outlets while the Company has newly opened 3 outlets. As of the end of March 2012, the Group had 399 outlets in total while the Company had 320 outlets.

3.7.8 Business condition of subsidiary

Ping An Bank is the subsidiary controlled by the Company, and its operation in the first quarter of 2012 is as follows:

1. Overview

Banking business developed in a steady manner, while net interest spread and non-interest income were further enhanced. Cost was effectively controlled, and thus profitability grew in stability. Ping An Bank realized net profit of RMB 716 million in the first quarter of 2012, representing an increase of 7.05% over the same period last year. Scale of total assets was RMB 293.9 billion, representing an increase of 3.43% over the beginning of the year. Total loans were RMB 156.7 billion, representing an increase of 4.01% over the beginning of the year. Total deposits were RMB 217.5 billion, representing an increase of 3.44% over the beginning of the year. Contribution from all businesses increased continuously, and the balance of small and medium enterprise loans (including micro loan) was RMB 64 billion, representing an increase of 3 % over the beginning of the year. Balance for retail deposits was RMB 46.7 billion, representing an increase of 11% over the beginning of the year. For the credit card business, an aggregate of 130,000 cards was newly issued in the first quarter of 2012, which continued to contribute profit to the bank.

All indicators remained stable, and a relatively excellent operating result was achieved. As of the end of March 2012, NPL ratio and provision coverage ratio were 0.47% and 245.21% respectively, representing a lower NPL ratio and a higher provision coverage ratio as compared with the industry standard. Capital adequacy ratio and core capital

adequacy ratio were 11.54% and 9.51% respectively, representing an increase of 0.44 percentage point and 0.41 percentage point over the beginning of the year, and thus satisfied the prevailing regulatory requirements and business development needs. Profit indicators also improved with a relatively good control on the cost to income ratio. In the first quarter of 2012, cost to income ratio was 45.26%, representing a decrease of 3.56 percentage point from 2011. Net interest spread continued to increase and was 2.38% in the first quarter of 2012, representing an increase of 0.13 percentage point over the same period last year, and made contribution to the growth in profit.

Assets and liabilities, gain or loss and key data of Ping An Bank

(1) Assets and liabilities

(in RMB million)

Items	March 31, 2012	December 31, 2011
Total assets	293,939	284,206
Total loans	156,746	150,740
Total deposits	217,534	210,260
Shareholders' interests	19,057	18,246

(2) Gain or loss

(in RMB million)

Items	March 31, 2012	December 31, 2011
Operating income	2,342	1,920
Net fee income	456	325
Net profit	716	669

(3) Key financial indicators

(Unit: %)

Items	March 31, 2012	December 31, 2011
NIS	2.38%	2.32%
NIM	2.61%	2.51%
Cost to income ratio	45.26%	48.82%
Core capital adequacy ratio	9.51%	9.10%
Capital adequacy ratio	11.54%	11.10%
Loan-to-spread ratio	72.07%	71.04%
NPL ratio	0.47%	0.37%
Provision coverage ratio	245.21%	295.74%
Net asset per share (Yuan)	2.21	2.12

(4) Loan quality

(in RMB million)

Items	March 31, 2012	December 31, 2011
Normal	154,575	149,000
Special mention	1,432	1,183
Substandard	278	150
Doubtful	194	175
Loss	268	232
Total loans	156,746	150,740
Total NPL	739	557
NPL ratio	0.47%	0.37%
Loan impairment provision balance	1,813	1,648
Provision coverage ratio	245.21%	295.74%

(5) Capital adequacy ratio

(in RMB million)

Items	March 31, 2012	December 31, 2011
Net core capital	19,055	18,244
Net capital	23,111	22,249
Weighted total risky assets	200,285	200,425
Core capital adequacy ratio (%)	9.51%	9.10%
Capital adequacy ratio (%)	11.54%	11.10%

2. Business highlight

(I) Retail business

In the first quarter of 2012, retail business of Ping An Bank was oriented on macro-retail synergy and operating strategies, while product, channel and service strategies were thoroughly planned and implemented. According to regulatory requirements, the requirements of “seven prohibitions and four aspects in terms of openness” were implemented and promoted in the whole bank with a view to enhance management level and standardize operation. Risk control was enhanced continuously, while innovative mechanisms and brands were also established to make continuous efforts on consolidating retail platforms. Meanwhile, the integration between two banks has achieved smooth progress, which helped to secure stable results and healthy development.

As of the end of March 2012, retail deposits and balance of retail loans were RMB 46.7 billion and 36.7 billion respectively, representing an increase of 11% and 2% over the beginning of the year. The percentage of new deposits in comprehensive exploration channels was approximately 35%, and the “comfortable E-opening (轻松 E 开)” project was smoothly launched.

(II) Credit card business

As of the end of March 2012, the number of credit card in circulation reached 5.05 million. Loan balance reached RMB 15.066 billion, and the number of new cards in the first quarter of 2012 reached 130,000. Credit card business will continue to greatly explore cross-selling business leveraging on the comprehensive financial platform of Ping An Group. Combining sales channels and specifically designed products approaching target customers’ characteristics, a detailed operation and customer platform was established to conduct customized operation targeting different customer groups, and jointly commenced brand promotion and marketing activities for macro-retail sales. Meanwhile, more efforts will be placed on strengthening risk management to prevent bad debt risks arising from credit cards, while increasing the risk to asset return ratio.

§4 Audit report

Audit opinion: This is subject to formal audit.

Board of Directors
Shenzhen Development Bank Co., Ltd.
26 April 2012

Appendices:

1. Consolidated and parent balance sheet
2. Consolidated and parent income statement
3. Consolidated and parent cash flow statement

Shenzhen Development Bank Co., Ltd.
Consolidated Balance Sheet
31 March 2012

	In RMB '000	
	2012/3/31	2011/12/31
ASSETS		
Cash on hand and due from the Central Bank	17,898,949	160,635,236
Placements of deposits with other financial institutions	85,888,422	39,884,342
Funds loaned to other financial institutions	18,451,946	8,446,567
Financial assets at fair value through profit or loss	3,313,771	2,607,902
Derivative financial assets	507,868	810,577
Reverse repurchase agreements	39,572,213	34,303,887
Accounts receivable	159,843,496	170,589,011
Interest receivable	8,401,527	7,274,189
Loans and advances	640,107,120	610,075,336
Available-for-sale financial assets	79,917,487	78,383,526
Held-to-maturity investments	109,585,082	107,683,080
Receivables type bond investment	25,419,500	13,732,100
Long-term equity investments	539,294	539,294
Goodwill	7,568,304	7,568,304
Investment properties	257,275	262,791
Fixed assets	3,425,863	3,524,265
Intangible assets	5,885,282	5,989,731
Deferred tax assets	2,850,556	2,889,762
Other assets	4,571,110	2,977,044
Total assets	1,368,005,065	1,258,176,944
LIABILITIES AND SHAREHOLDERS' EQUITY		
Due to the Central Bank	1,256,895	1,130,876
Placements of deposits from other financial institutions	249,280,785	155,409,777
Funds borrowed from other financial institutions	13,979,244	25,279,349
Tradable financial liabilities	189,070	-
Derivative financial liabilities	434,247	732,418
Repurchase agreements	22,016,935	39,197,371
Customer deposits	914,809,609	850,845,147
Employee salary payable	2,991,399	3,600,345
Tax payable	2,770,096	2,535,814
Accounts payable	48,574,851	70,560,734
Interest payable	10,895,433	9,913,661
Bonds payable	16,061,329	16,054,486
Provisions	112,246	112,246
Deferred tax liabilities	1,373,328	1,351,062
Other liabilities	4,302,175	6,073,074
Total liabilities	1,289,047,642	1,182,796,360
SHAREHOLDERS' EQUITY:		
Share capital	5,123,350	5,123,350
Capital reserve	41,613,257	41,537,746
Surplus reserve	2,830,459	2,830,459
General reserve	7,954,903	7,954,903
Unappropriated profit	19,293,324	15,864,379
Total shareholders' equity attributable to parent	76,815,293	73,310,837
Minority interests	2,142,130	2,069,747
Shareholders' equity	78,957,423	75,380,584
Total liabilities and shareholders' equity	1,368,005,065	1,258,176,944

Legal representative: Xiao Suining
Chief financial officer: Chen Wei

President: Richard Jackson
Accounting manager: Wang Lan

Shenzhen Development Bank Co., Ltd.
Balance Sheet
31 March 2012

	In RMB '000	
ASSETS	2012/3/31	2011/12/31
Cash on hand and due from the Central Bank	129,675,419	119,945,894
Placements of deposits with other financial institutions	62,623,278	15,346,333
Funds loaned to other financial institutions	13,543,459	6,017,091
Financial assets at fair value through profit or loss	3,215,960	2,512,660
Derivative financial assets	493,735	786,739
Reverse repurchase agreements	34,522,213	28,916,930
Accounts receivable	155,050,775	166,620,120
Interest receivable	6,806,838	5,563,972
Loans and advances	485,174,722	460,982,960
Available-for-sale financial assets	49,115,020	48,292,746
Held-to-maturity investments	85,736,216	83,640,331
Receivables type bond investment	25,419,500	13,732,100
Long-term equity investments	27,216,181	27,216,181
Investment properties	207,714	212,523
Fixed assets	2,503,103	2,563,163
Intangible assets	241,226	261,016
Deferred tax assets	2,587,663	2,606,163
Other assets	3,767,307	2,583,553
Total assets	1,087,900,329	987,800,475
LIABILITIES AND SHAREHOLDERS' EQUITY		
Due to the Central Bank	1,256,895	861,233
Placements of deposits from other financial institutions	207,856,590	125,309,018
Funds borrowed from other financial institutions	13,104,300	24,470,000
Tradable financial liabilities	189,070	-
Derivative financial liabilities	424,697	715,472
Repurchase agreements	16,999,973	27,707,200
Customer deposits	697,275,222	640,585,112
Employee salary payable	2,435,505	2,972,260
Tax payable	2,274,158	2,085,106
Accounts payable	46,458,831	67,258,052
Interest payable	8,715,246	7,769,337
Bonds payable	13,132,572	13,130,234
Provisions	22,020	22,020
Deferred tax liabilities	67,873	65,737
Other liabilities	2,754,696	2,711,340
Total liabilities	1,012,967,648	915,662,121
SHAREHOLDERS' EQUITY:		
Share capital	5,123,350	5,123,350
Capital reserve	41,480,896	41,462,697
Surplus reserve	2,830,459	2,830,459
General reserve	7,954,903	7,954,903
Unappropriated profit	17,543,073	14,766,945
Total shareholders' equity	74,932,681	72,138,354
Total liabilities and shareholders' equity	1,087,900,329	987,800,475

Legal representative: Xiao Suining President:
Richard Jackson Chief financial officer: Chen
Wei Accounting manager: Wang Lan

Shenzhen Development Bank Co., Ltd.
Consolidated Income Statement
From Jan to Mar of 2012

Items	In RMB '000	
	Jan-Mar,2012	Jan-Mar,2011
I. Operating income	9,723,880	5,815,038
Net interest income	7,955,059	5,104,330
Interest income	18,366,476	9,219,837
Interest expense	10,411,417	4,115,507
Net fee and commission income	1,447,954	481,694
Fee and commission income	1,596,274	543,868
Fee and commission expense	148,320	62,174
Other operating income	320,867	229,014
Net investment income	214,556	124,516
Gains from changes in fair values	(9,241)	8,297
Net foreign exchange gains	84,152	64,612
Other operating income	31,400	31,589
II. Operating costs	4,572,909	2,513,925
Business tax and surcharge	859,988	446,055
Business and administrative expenses	3,712,921	2,067,870
III. Operating profit before impairment losses on assets	5,150,971	3,301,113
Impairment losses on assets	685,957	241,156
IV. Operating profit	4,465,014	3,059,957
Add: Non-operating income	14,071	15,669
Less: Non-operating expenses	1,734	6,527
V. Profit before tax	4,477,351	3,069,099
Less: Income tax expenses	981,865	666,900
VI. Net profit	3,495,486	2,402,199
Net profit attributable to owners of parent	3,428,945	2,402,199
Gains or losses of minority shareholders	66,541	-
VII. Earnings per share		
(I) Basic earnings per share	0.67	0.69
(II) Diluted earnings per share	0.67	0.69
VIII. Other comprehensive income	81,353	26,460
IX. Total comprehensive income	3,576,839	2,428,659
Total comprehensive income attributable to owners of parent	3,504,456	2,428,659
Total comprehensive income attributable to minority shareholders	72,383	-

Legal representative: Xiao Suining

President: Richard Jackson

Chief financial officer: Chen Wei

Accounting manager: Wang Lan

Shenzhen Development Bank Co., Ltd.
Income Statement
From Jan to Mar of 2012

Items	In RMB '000	
	Jan-Mar,2012	Jan-Mar,2011
I. Operating income	7,320,690	5,815,038
Net interest income	6,024,161	5,104,330
Interest income	14,349,579	9,219,837
Interest expense	8,325,418	4,115,507
Net fee and commission income	992,319	481,694
Fee and commission income	1,085,001	543,868
Fee and commission expense	92,682	62,174
Other operating income	304,210	229,014
Net investment income	213,112	124,516
Gains from changes in fair values	(11,873)	8,297
Net foreign exchange gains	74,179	64,612
Other operating income	28,792	31,589
II. Operating costs	3,265,672	2,513,925
Business tax and surcharge	671,691	446,055
Business and administrative expenses	2,593,981	2,067,870
III. Operating profit before impairment losses on assets	4,055,018	3,301,113
Impairment losses on assets	520,553	241,156
IV. Operating profit	3,534,465	3,059,957
Add: Non-operating income	5,147	15,669
Less: Non-operating expenses	1,484	6,527
V. Profit before tax	3,538,128	3,069,099
Less: Income tax expenses	762,000	666,900
VI. Net profit	2,776,128	2,402,199
VII. Earnings per share		
(I) Basic earnings per share	0.54	0.69
(II) Diluted earnings per share	0.54	0.69
VIII. Other comprehensive income	18,199	26,460
IX. Total comprehensive income	2,794,327	2,428,659

Legal representative: Xiao Suining

President: Richard Jackson

Chief financial officer: Chen Wei

Accounting manager: Wang Lan

Shenzhen Development Bank Co., Ltd.
Consolidated Cash Flow Statement
From Jan to Mar of 2012

	In RMB '000	
Items	Jan-Mar,2012	Jan-Mar,2011
I. CASH FLOWS FROM OPERATING ACTIVITIES:		
Net increase in borrowings from the Central Bank	120,493	846,892
Net increase in customer deposit and placements of deposits from other financial institutions	157,840,965	77,811,980
Net decrease in accounts receivable	10,875,115	-
Net increase in accounts payable	-	2,420,823
Net decrease in reverse repurchase agreements	6,921,317	-
Cash receipts from interest, fee and commission income	15,950,610	6,029,637
Cash receipts from other operating activities	560,820	1,830,528
Subtotal of cash inflows from operating activities	192,269,320	88,939,860
Net increase in amounts due from the Central Bank and placements of deposits with other financial institutions	16,001,907	7,680,756
Net increase in funds loaned to other financial institutions	495,135	298,619
Net decrease in funds borrowed from other financial institutions	11,300,105	1,336,774
Net increase in reverse repurchase agreements	-	24,251,878
Net increase in accounts receivables	-	5,718,904
Net decrease in accounts payable	22,052,830	-
Net increase in loans and advances	29,934,127	14,868,515
Net decrease in repurchase agreements	17,211,570	4,487,934
Cash payments for interest, fee and commission expenses	9,079,782	3,607,129
Cash payments for salaries and staff expenses	2,692,805	1,708,615
Cash payments for taxes	1,586,362	808,495
Cash payments relating to other operating activities	5,068,881	2,825,691
Subtotal of cash outflows from operating activities	115,441,504	67,593,310
Net cash flows generated from operating activities	76,827,816	21,346,550
II. CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash receipts from disinvestments	32,667,391	24,850,598
Cash receipts from investment income	2,395,847	367,836
Cash receipts from disposal of fixed assets and investment properties	-	83
Subtotal of cash inflows from investing activities	35,063,238	25,218,517
Cash payments for investments	48,371,275	32,969,875
Cash payments for fixed assets, intangible assets and construction in progress	45,447	30,673
Subtotal of cash outflows from investing activities	48,416,722	33,000,548
Net cash flows generated from investing activities	(13,353,484)	(7,782,031)
III. CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash receipts from issue of share capital	-	-
Cash receipts from bond issue	-	-
Subtotal of cash inflows from financing activities	-	-
Cash payments for issue of share capital	-	-
Cash payments for dividend distribution and interest	374,563	372,550
Subtotal of cash outflows from financing activities	374,563	372,550
Net cash flows generated from financing activities	(374,563)	(372,550)
IV. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	35,278	-
V. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	63,135,047	13,191,969
Add: Balance of cash and cash equivalents at beginning of the period	67,906,367	68,147,808
VI. BALANCE OF CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	131,041,414	81,339,777

Legal representative: Xiao Suining President: Richard Jackson
Chief financial officer: Chen Wei Accounting manager: Wang Lan

Shenzhen Development Bank Co., Ltd.
Cash Flow Statement
From Jan to Mar of 2012

	In RMB '000	
Items	Jan-Mar,2012	Jan-Mar,2011
I. CASH FLOWS FROM OPERATING ACTIVITIES:		
Net increase in borrowings from Central Bank	390,136	846,892
Net increase in customer deposit and placements of deposits from other financial institutions	139,243,196	77,811,980
Net decrease in accounts receivable	11,698,945	-
Net increase in accounts payable	-	2,420,823
Net decrease in reverse repurchase agreement	6,921,317	-
Cash receipts from interest, fee and commission income	11,805,979	6,029,637
Cash receipts from other operating activities	393,975	1,830,528
Subtotal of cash inflows from operating activities	170,453,548	88,939,860
Net increase in amounts due from the Central Bank and placements of deposits with other financial institutions	17,837,587	7,680,756
Net increase in funds loaned to other financial institutions	495,135	298,619
Net decrease in funds borrowed from other financial institutions	11,365,700	1,336,774
Net increase in reverse repurchase agreements	-	24,251,878
Net increase in accounts receivables	-	5,718,904
Net decrease in accounts payable	20,866,169	-
Net increase in loans and advances	23,928,304	14,868,515
Net decrease in repurchase agreements	10,738,361	4,487,934
Cash payments for interest, fee and commission expenses	6,996,513	3,607,129
Cash payments for salaries and staff expenses	2,049,381	1,708,615
Cash payments for taxes	1,241,569	808,495
Cash payments relating to other operating activities	2,275,684	2,825,691
Subtotal of cash outflows from operating activities	97,794,403	67,593,310
Net cash flows generated from operating activities	72,659,145	21,346,550
II. CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash receipts from disinvestments	32,099,513	24,850,598
Cash receipts from investment income	1,946,496	367,836
Cash receipts from disposal of fixed assets and investment properties	-	83
Subtotal of cash inflows from investing activities	34,046,009	25,218,517
Cash payments for investments	47,423,991	32,969,875
Cash payments for fixed assets, intangible assets and construction in progress	44,069	30,673
Subtotal of cash outflows from investing activities	47,468,060	33,000,548
Net cash flows generated from investing activities	(13,422,051)	(7,782,031)
III. CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash receipts from issue of share capital	-	-
Cash receipts from bond issue	-	-
Subtotal of cash inflows from financing activities	-	-
Cash payments for issue of share capital	-	-
Cash payments for dividend distribution and interest	374,563	372,550
Subtotal of cash outflows from financing activities	374,563	372,550
Net cash flows generated from financing activities	(374,563)	(372,550)
IV. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	33,485	-
V. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	58,896,016	13,191,969
Add: Balance of cash and cash equivalents at beginning of the period	36,671,129	68,147,808
VI. BALANCE OF CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	95,567,145	813,339,777

Legal representative: Xiao Suining President: Richard Jackson
Chief financial officer: Chen Wei Accounting manager: Wang Lan

The report was originally drafted in Chinese and the English translation of the report is for your reference only. In case of any inconsistencies between the Chinese and the English version, the Chinese version shall prevail.