

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 Rules 13.09 and 13.10B 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 2021 First Quarterly Report of Ping An Bank”, which is published by Ping An Insurance (Group) Company of China, Ltd. on the website of the Shanghai Stock Exchange, is reproduced herein for your reference.

By order of the Board
Sheng Ruisheng
Joint Company Secretary

Shenzhen, PRC, April 20, 2021

As at the date of this announcement, the executive directors of the Company are Ma Mingzhe, Xie Yonglin, Tan Sin Yin, Yao Jason Bo and Cai Fangfang; the non-executive directors of the Company are Soopakij Chearavanont, Yang Xiaoping and Wang Yongjian; the independent non-executive directors of the Company are Ge Ming, Ouyang Hui, Ng Sing Yip, Chu Yiyun and Liu Hong.

**THE ANNOUNCEMENT OF
PING AN INSURANCE (GROUP) COMPANY OF CHINA, LTD.
IN RELATION TO
THE DISCLOSURE OF 2021 FIRST QUARTERLY REPORT OF
PING AN BANK**

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.

Ping An Bank Co., Ltd. (hereinafter referred to as "Ping An Bank"), a subsidiary of the Company, has published the "2021 First Quarterly Report of Ping An Bank" on the website of the Shenzhen Stock Exchange (www.szse.cn).

Please also refer to the "2021 First Quarterly Report of Ping An Bank" disclosed by the Company on the website of the Shanghai Stock Exchange (www.sse.com.cn) for the operating performance of Ping An Bank for the first quarter of 2021.

The Board of Directors
Ping An Insurance (Group) Company of China, Ltd.
April 20, 2021

PING AN BANK CO., LTD.

2021 First Quarterly Report

[English translation for reference only. Should there be any inconsistency between the Chinese and English versions, the Chinese version shall prevail.]

21 April 2021

Section I Important Notes

1. The board of directors (hereinafter referred to as the “Board”), the supervisory committee, the directors of the Bank (the “Director(s)”), the supervisors and senior management of Ping An Bank Co., Ltd. (hereinafter referred to as the “Bank”) guarantee the authenticity, accuracy and completeness of the contents of the 2021 First Quarterly Report, in which there are no false representations, misleading statements or material omissions, and are severally and jointly liable for its contents.
2. The 18th meeting of the 11th session of the Board of the Bank deliberated the 2021 First Quarterly Report. The meeting required 15 Directors to attend, and 15 Directors attended the meeting. This 2021 First Quarterly Report was approved unanimously at the meeting.
3. Xie Yonglin (the Bank’s Chairman), Hu Yuefei (the President), Xiang Youzhi (the Vice President and the CFO) and Zhu Peiqing (the head of the Finance Department) guarantee the authenticity, accuracy and completeness of the financial report contained in the 2021 First Quarterly Report.
4. Reminder on non-standard audit opinions
Applicable Not applicable
The consolidated and company quarterly financial statements are unaudited.
5. “The Group” in this Report refers to Ping An Bank Co., Ltd. and its wholly-owned subsidiary Ping An Wealth Management Co., Ltd.; “Ping An Bank” and “the Bank” refer to Ping An Bank Co., Ltd.; “Ping An Wealth Management” refers to Ping An Wealth Management Co., Ltd.; and “Ping An Group” refers to Ping An Insurance (Group) Company Of China, Ltd.

Section II General Information

On 28 August 2020, Ping An Wealth Management, a wholly-owned subsidiary of the Bank, officially started its business operations. The Bank prepared the consolidated and company financial statements in accordance with the Accounting Standards for Business Enterprises. Unless otherwise stated, data and indicators shown in the 2021 First Quarterly Report are reported on the Group's basis, covering both Ping An Bank and its wholly-owned subsidiary Ping An Wealth Management.

2.1 Key accounting data and financial indicators of the Group

(In RMB million)

Item	31 March 2021	31 December 2020	Change at the end of the reporting period from the end of last year
Total assets	4,572,974	4,468,514	2.3%
Shareholders' equity	372,617	364,131	2.3%
Shareholders' equity attributable to ordinary shareholders of the Bank	302,673	294,187	2.9%
Share capital	19,406	19,406	-
Net asset per share attributable to ordinary shareholders of the Bank (RMB/share)	15.60	15.16	2.9%

Item	January to March 2021	January to March 2020	Increase/decrease from the same period last year
Operating income	41,788	37,926	10.2%
Net profit attributable to shareholders of the Bank	10,132	8,548	18.5%
Net profit attributable to shareholders of the Bank after non-recurring gains/losses	10,111	8,506	18.9%
Net cash flows from operating activities	(11,553)	18,006	(164.2%)
Net cash flows from operating activities per share (RMB/share)	(0.60)	0.93	(164.5%)
Basic/Diluted earnings per share ("EPS") (RMB/share)	0.42	0.40	5.0%
Basic/Diluted EPS after non-recurring gains/losses (RMB/share)	0.42	0.39	7.7%
Average return on total assets (un-annualised)	0.22%	0.21%	+0.01 percentage point
Average return on total assets (annualised)	0.90%	0.85%	+0.05 percentage point
Weighted average return on net assets (un-annualised)	2.72%	2.77%	-0.05 percentage point
Weighted average return on net assets	12.28%	11.50%	+0.78 percentage point

PING AN BANK CO., LTD.
2021 FIRST QUARTERLY REPORT

(annualised)			point
Weighted average return on net assets (net of non-recurring gains/losses) (un-annualised)	2.71%	2.76%	-0.05 percentage point
Weighted average return on net assets (net of non-recurring gains/losses) (annualised)	12.26%	11.44%	+0.82 percentage point

Note: 1. The relevant indicators of return on net assets and EPS are calculated in accordance with the *Rule 9 on Information Disclosure and Report for Companies Offering Their Securities to the Public - Calculation and Disclosure of Net Assets Margin and Earnings Per Share* (2010 revised) and *Accounting Standard for Business Enterprises No. 34 - Earnings per Share*. Specifically:

(1) On 7 March 2016, the Bank issued non-cumulative preference shares of RMB20,000 million in a non-public way. In calculating the “EPS” and “weighted average return on net assets”, numerators were net of the dividends on preference shares paid which amounted to RMB874 million.

(2) In February 2020, the Bank issued capital bonds without fixed terms (“perpetual bonds”) of RMB30,000 million. In calculating the “EPS” and “weighted average return on net assets”, numerators were net of interest paid for the perpetual bonds which amounted to RMB1,155 million.

2. In accordance with the *Circular on Strictly Implementing the Accounting Standards for Business Enterprises and Effectively Strengthening the Work on the 2020 Annual Reports of Enterprises* (Cai Kuai [2021] No. 2) issued by the Ministry of Finance and other ministries of China on 5 February 2021, the Bank reclassified credit card instalment business income from fee and commission income into interest income, and the comparative period data of relevant financial indicators has been restated.

(In RMB million)

Item	31 March 2021	31 December 2020	31 December 2019	Change at the end of the reporting period from the end of last year
Deposit principals due to customers	2,739,988	2,673,118	2,436,935	2.5%
Including: Corporate deposits	2,018,554	1,988,449	1,853,262	1.5%
Personal deposits	721,434	684,669	583,673	5.4%
Total principals of loans and advances to customers	2,778,510	2,666,297	2,323,205	4.2%
Including: Corporate loans	1,108,599	1,061,357	965,984	4.5%
General corporate loans	998,830	948,724	871,081	5.3%
Discounted bills	109,769	112,633	94,903	(2.5%)
Personal loans	1,669,911	1,604,940	1,357,221	4.0%

Note: Pursuant to the *Circular on Revising and Issuing 2018 Versions of Financial Statement Templates for Financial Enterprises* (Cai Kuai [2018] No. 36), interests accrued under the effective interest method was included in the carrying amount of financial instruments, and interests not been received or paid at the balance sheet date should be presented in “Other assets” or “Other liabilities”. Unless otherwise stated, “Loans and advances to customers”, “Deposits due to customers” and their breakdowns mentioned in the 2021 First Quarterly Report are amounts excluding interests.

Total share capital of the Bank as at the trading day prior to disclosure

Total share capital of the Bank as at the trading day prior to disclosure (in shares)	19,405,918,198
Dividends paid for preference shares (RMB)	874,000,000
Interests paid for the perpetual bonds (RMB)	1,155,000,000
Fully diluted EPS calculated based on the latest share capital (RMB/share, accumulated from January to March)	0.42

Has the share capital ever changed and influenced the amount of the owners' equity because of newly issued shares, additional issue, allotment, exercising of stock option, or repurchasing, etc. from the end of the reporting period to the disclosure date of the 2021 First Quarterly Report?

Yes No

Non-recurring items and amounts

Applicable Not applicable

(In RMB million)

Item	January to March 2021
Net gains or losses on disposal of non-current assets	22
Others	5
Impact on income tax	(6)
Total	21

Note: The non-recurring gains/losses are calculated in accordance with the definitions in the *Explanatory Announcement on Information Disclosure by Companies Publicly Offering Securities No. 1 – Non-recurring Gains/Losses* issued by China Securities Regulatory Commission (“CSRC”). During the reporting period of the 2021 First Quarterly Report, the recurring gains/losses included no non-recurring gains/losses as defined/stated pursuant to the *Explanatory Announcement on Information Disclosure by Companies Publicly Offering Securities No. 1 – Non-recurring Gains/Losses*.

2.2 Regulatory indicators and financial ratios

(Unit: %)

Item	Benchmark	31 March 2021	31 December 2020	31 December 2019
Capital adequacy ratio	≥10.5	13.20	13.29	13.22
Tier 1 capital adequacy ratio	≥8.5	10.81	10.91	10.54
Core tier 1 capital adequacy ratio	≥7.5	8.67	8.69	9.11
Non-performing loan (NPL) ratio	≤5	1.10	1.18	1.65
Provision coverage ratio	≥120 (Note2)	245.16	201.40	183.12
Provision to loan ratio	≥1.5 (Note2)	2.69	2.37	3.01
Cost/income ratio (from the beginning of the year to the end of the period)	Not applicable	28.12	29.11	29.61
Deposit-loan spread (from the beginning of the year to the end of the period, annualised/un-annualised)	Not applicable	4.39/1.08	4.42	4.69
Net interest spread (NIS) (from the beginning of the year to the end of the period, annualised/un-annualised)	Not applicable	2.81/0.69	2.78	2.87
Net interest margin (NIM) (from the beginning of the year to the end of the period, annualised/un-annualised)	Not applicable	2.87/0.71	2.88	2.95

Note 1: Regulatory indicators above are calculated on the Group's basis in accordance with regulatory requirements.

Note 2: In accordance with the *Provisions of Circular on Adjusting the Regulatory Requirements for Loss Provisions for Loans of Commercial Banks* (Yin Jian Fa [2018] No. 7), various joint-stock banks have implemented policies of differentiated and dynamically adjusted provision.

2.3 Management discussion and analysis

The year of 2021 is the 100th anniversary of the founding of the Communist Party of China. The Bank has vigorously supported rural revitalisation during its operations, actively practised the concept of Green Finance, effectively prevented financial risk and fulfilled its role in implementing the major national strategic principles

and policies and supporting industry transformation and development, striving to present the Party's 100th birthday with excellent results.

With its strategic goal of building a “the domestic best performer and a world-leading intelligent retail bank”, the Bank has adhered to the strategic principles of “being technology-driven, pursuing breakthroughs in retail banking, and reinventing its corporate banking” to continuously deepen strategic transformation, comprehensively upgrade the Bank's retail, corporate and interbank capital business, thereby to achieve its branding goals as “a digital bank, an ecosystem and a platform”, continue to create new momentum for business development, and make every effort to achieve the new three-year goal of “reshaping assets and liabilities operations”. The Bank has actively implemented the four strategies of “digitalised operations, online operations, comprehensive services and ecologically-driven development” (the “DOCE” strategies). For corporate business, the Bank has fully utilised its five trump cards in new supply chain finance, bill integration, customer management platform, complex investment and financing and ecological comprehensive expansion. For interbank capital business, the Bank has comprehensively focused on three major business directions of “new transactions, new interbank business and new asset management”. Combined contributions from the three major business segments have continuously enhanced the capability of serving the real economy.

During the first quarter of 2021, the Bank, by acting upon the strategic decisions and arrangements of the CPC Central Committee and the State Council and actively participating in building a new development pattern of dual circulation in domestic and foreign markets, further deepened the new three-year transformation of assets and liabilities, continued to promote in-depth development of digital operations and intensify support for private enterprises and small and micro enterprises, vigorously enhanced service capabilities and quality for manufacturing and technological enterprises, and continuously strengthened financial risk control and prevention, indicating a steady and positive trend in business development.

2.3.1 Steady improvement of overall operations

Stable growth of operating income. In the first quarter of 2021, the Group's profitability improved, with operating income amounting to RMB41,788 million, representing a year-on-year increase of 10.2%; and the net profit was RMB10,132 million, representing a year-on-year increase of 18.5%.

Continuous improvement of deposit costs. In the first quarter of 2021, the Group's NIM was 2.87%, roughly maintaining flat as compared with the same period of last year; the average cost of liability was 2.22%, a decrease of 32 basis points and 10 basis points respectively as compared with the same period and the whole year of last year; and the average cost of deposits due to customers was 2.06%, representing a decrease of 36 basis points and 17 basis points respectively as compared with the same period and the whole year of last year. Deposit costs continued to improve.

Rapid growth in non-interest income. In the first quarter of 2021, the Group recorded a net non-interest income of RMB12,022 million, representing a year-on-year increase of 14.5%, mainly due to the increase in commission income from the wealth management business, the credit card business and the corporate settlement business; and the net non-interest income accounted for 28.77% of the total income, representing a year-on-year increase of 1.10 percentage points.

Steady growth in the size of assets and liabilities. At the end of March 2021, the Group's total assets amounted to RMB4,572,974 million, increasing by 2.3% over the end of last year, including the total loans and advances to customers of RMB2,778,510 million, which increased by 4.2% as compared with the end of last year. The total liabilities amounted to RMB4,200,357 million, representing an increase of 2.3% as compared with the end of last year, including total deposits due to customers of RMB2,739,988 million, which increased by 2.5% over the end of the previous year. Demand deposits totalled RMB1,009,136 million, increasing by 7.8% from the prior year-end.

Well-planned outlet distribution. The Bank continued to build intelligent outlets and improve the distribution of its outlets. At the end of March 2021, the Bank had 101 branches (including the Hong Kong branch) and a total of 1,095 outlets.

2.3.2 Continuous improvement of asset quality

In the first quarter of 2021, many risks and uncertainties remained in the external economic environment. As the repayment ability of some enterprises and individuals was under pressure, the Banks' asset quality management and control still faced challenges. The Bank vigorously supported the development of private enterprises and

small, medium and micro enterprises, continued to improve the capability to serve the real economy, serve national strategies and assist in building the new development pattern of “dual circulation”, and continued to enhance overall risk management, thereby leading to the continuous improvement of asset quality.

As at the end of March 2021, the Bank’s overdue loans accounted for 1.43% of the total loans, up 0.01 percentage point from the end of last year; loans overdue for more than 60 days accounted for 0.97% of the total loans, decreasing by 0.11 percentage point from the end of last year; loans overdue for more than 90 days accounted for 0.86% of the total loans, decreasing by 0.02 percentage point from the end of last year; the NPL ratio was 1.10%, decreasing by 0.08 percentage point from the end of last year; the special-mention loans accounted for 1.06%, decreasing by 0.05 percentage point from the end of last year; and the deviation ratio of loans overdue for more than 60 days and loans overdue for more than 90 days was 0.88 and 0.78, respectively.

In response to the uncertainties in the external macro environment, the Bank continued to maintained a high level of provision for impairment losses on assets in order to further improved asset quality and strengthen risk compensation capability. In the first quarter of 2021, the provision for impairment losses on credit and assets amounted to RMB16,697 million, representing a year-on-year increase of 4.8%, including RMB12,805 million of provision for credit impairment losses on loans and advances to customers; at the end of March 2021, the balance of loan impairment provision reached RMB74,828 million, with an increase of 18.4% over the end of last year; the provision coverage ratio was 245.16%, up 43.76 percentage points over the end of last year; the provision coverage ratio of loans overdue for more than 60 days was 278.60%, up 58.82 percentage points over the end of last year; the provision coverage ratio of loans overdue for more than 90 days was 312.76%, up 44.02 percentage points over the end of last year; and the risk compensation capability of the Bank continued to improve.

For the first quarter of 2021, the cumulative write-off of loans amounted to RMB6,726 million; the Bank recovered a total of RMB13,693 million of non-performing assets, including credit assets of RMB11,376 million (in loan principal); recovered principals of loans included RMB6,908 million for loans already written off and RMB4,468 million for non-performing loans yet to be written off; 95.1% of the recovered amount for non-performing assets was recovered in cash, with the rest in collateral and other forms.

Going forward, the Bank will redouble its management and control efforts, further intensify the disposal of and provisioning for non-performing assets, further improve the risk compensation capability and hold firmly to the bottom line of risk management to ensure the controllability of the asset quality.

2.3.3 Retail transformation entering a new phase again

2021 is a critical year for the new three-year goal of retail transformation and development. For retail business, the Bank thoroughly implemented the “3+2+1” business strategy, and made all-out efforts to develop the three business segments of “basic retail, private banking and wealth management, and consumer finance”, improved its two core capabilities of “risk control and cost control”, and built its “one ecosystem” to drive integration; and the Bank thoroughly implemented the four strategies of “digitalised operations, online operations, comprehensive services and ecologically-driven development” to drive the upgrading its operation model, striving to provide customers with “reassuring choice”, “comfortable experience” and “warm companionship” as well as creating “warm” financial services. Meanwhile, the Bank strove to base its operations on customer groups, pushed forward innovation and breakthroughs in credit card, private bank and banking and insurance businesses through operation upgrading, middle office unclogging and organizational reform, and continuously upgraded its retail loan businesses such as auto financing and “Xinyidai” to seize the new development opportunities in the post-pandemic era and inject new momentum for the second take-off of the retail business. In the first quarter of 2021, the Bank achieved good growth of its retail business, and the overall operations remained steady. The implementation of new strategies yielded initial fruits, marking a good start.

“Three” business segments

(1) Basic retail

At the end of March 2021, the Bank’s balance of assets under management (“AUM”) of retail customers amounted to RMB2,802,610 million, representing an increase of 6.8% over the end of the previous year; the number of retail customers increased by 3.0% from the end of the previous year to 110,399.4 thousand; and the number of registered customers of Ping An Pocket Bank APP increased by 4.2% from the end of the previous year to 117,884.0 thousand, including 37,964.2 thousand monthly active users (“MAU”).

In the first quarter of 2021, the Bank further promoted the “thorough implementation” of basic retail strategies, and made new milestone achievements in customer acquisition and operation, platform construction and customer service by upgrading the organisational structure and business models.

For innovation of customer acquisition channel, the Bank continuously deepened the construction of open banking. The Bank continued to upgrade its product capabilities of open banking, to provide leading partners with one-stop scenario-based solutions that meet their demands in process and business. The Bank also continuously improved Ping An Digital Account (MAX), with expanded external cooperation scenarios, and built agile and modular product capabilities. The Bank cooperated with many leading institutions specializing in a particular sector and opened Ping An Digital Accounts for them, with a total of over 120,000 accounts opened in the first quarter. The open banking business acquired 1,715.6 thousand customers online in the first quarter of 2021. Customer contribution continued to increase.

For operation model innovation, the Bank promoted full implementation of the new “AI + T + Offline” model featuring the cooperation between human and machine. Always being customer-centred, the Bank pushed forward the establishment of all channels for contact and the new customer management loop of “AI + T + Offline” (artificial intelligence + tele-online specialist + offline wealth management manager) that focused on the life cycle of customers. In the first quarter of 2021, the new “AI + T + Offline” model contacted over 18 million customers, driving an increase of 560 thousand wealth management customers, 20% of which were customers who purchased wealth management products (“WMPs”) for the first time under the “AI+T” model.

With respect to the upgrade of customer services, the Bank strove to build the omni-channel, and integrated customer service experience system. In January 2021, Ping An Pocket Bank APP officially introduced the Pocket Bank with large characters (new version), and the high-quality and exclusive functions and contents such as customer protection and medical and health for elderly customers shaping an “attentive” brand image. In March 2021, the Bank’s customer services obtained a Net Promoter Score (NPS)¹ of over 87%, while the physical outlets reported an NPS of over 92%.

For deposit business operations, the Bank continuously enhanced the principle of “increasing scale, optimising structure, consolidating foundation and cost control”. At the end of March 2021, the deposit balance from customers of agency and batch business² amounted to RMB117,189 million, increasing by 13.7% as compared with the end of the previous year. As at the end of March 2021, the balance of personal deposits was RMB721,434 million, an increase of 5.4% over the end of the previous year, and the balance of personal demand deposits was RMB255,125 million, an increase of 5.3% over the end of the previous year. In the first quarter of 2021, the daily average balance of personal demand deposits amounted to RMB225,419 million, increasing by 18.5% as compared with the same period of last year; the average cost rate of personal deposits was 2.29%, decreasing by 29 basis points as compared with the same period of last year, or 13 basis points from the whole year of last year. The deposit structure continued to improve.

(2) Private banking and wealth management

At the end of March 2021, the Bank’s wealth customers reached 988.6 thousand, representing an increase of 5.8% over the end of the previous year; the Bank’s qualified customers of private banking³ reached 62.5 thousand, representing an increase of 9.1% over the end of the previous year, and the AUM of qualified customers of private banking amounted to RMB1,233,316 million, representing an increase of 9.2% over the end of the previous year. In the first quarter of 2021, the Bank achieved commission income from wealth management of

¹ NPS = (Number of Promoters - Number of Detractors) / Total Number of the Sample Population × 100%. It is an index that measures the probability that a customer will recommend a certain company or service to others. Depending on different survey channels, the index may be divided into NPS for customer services and NPS for physical outlets.

² From this accounting period, the customers of agency and batch business refer to the customers who have handled agency and batch business since 1 January 2020.

³ The criterion for a customer to be a qualified private banking customer is a daily average balance of assets of over RMB6 million in any one of the past three months.

RMB2,538 million, increasing by 50.2% from the same period of last year. Specifically, the commission income from agency sales of funds was RMB1,208 million, increasing by 289.7% from the same period of last year; commission income from insurance agency was RMB491 million, increasing by 63.7% from the same period of last year; and commission income from wealth management agency was RMB177 million, increasing by 78.8% from the same period of last year.

In the first quarter of 2021, the Bank comprehensively enhanced the capability of private banking and wealth management by reinforcing its product capabilities, professional capabilities and technology-driven capabilities, focused on meeting the diversified demands of private banking and wealth customers, provided “attentive” companionship services, constantly upgraded the product system and differentiated rights and interests system, and strove to build a “the most intelligent private bank in China and a front-runner in the world”.

The Bank’s private banking portfolio covered diversified and multi-strategy products with high, medium and low risks, while private offering portfolio covered mainstream investment advisory and flagship strategy products in the market. The products under “Ping An Preference” brand of public offering products were basically “unique and superior to others”. In the first quarter of 2021, the Bank’s agency sales volume of private offering products with complexity was RMB33,649 million, increasing by 73.7% as compared with the same period of last year, and that of the agency non-monetary public funds amounted to RMB58,093 million, increasing by 57.2% as compared with the same period of last year. With respect to family trust business, the Bank comprehensively upgraded family trust services jointly with Ping An Trust, enabling the family trust services to be more comprehensive and integrated, the trust assignment solutions to be more personalised and the trust protection mechanism to be more flexible, and thus fully meeting the demands of Chinese families for wealth protection and inheritance. In the first quarter of 2021, the Bank’s new family trusts and premium trusts exceeded 10,000 million, providing over 3,000 wealth and private banking customers with comprehensive inheritance services, which secured the Bank’s leading position in the industry. For insurance agency business, the Bank actively promoted the transformation of business model from “team-driven” to “customer group-based” operation by focusing on the specific demands from different customer groups, and strictly selecting product allocation to each customer group to optimise customer services. For the establishment of the private banking wealth management team, the Bank gathered more than 900 competent professional private bankers and more than 100 investment advisory experts, and allocated them to the 41 private banking centres located in provincial capitals and major cities across China to provide the Bank’s private banking customers with comprehensive wealth management services.

(3) Consumer finance

At the end of March 2021, the balance of individual loans was RMB1,669,911 million, increasing by 4.0% over the end of the previous year. In the first quarter of 2021, the Bank kept on reinforcing the digital operation and online operation capabilities for credit cards and loan products, while deepening the comprehensive management on customers, and achieved a sound growth in overall personal loans and improvement in the business structure and customer base structure.

Credit card

In the first quarter of 2021, the Bank continued to create the ultimate “fast, easy and good” customer experience by leveraging on the FinTech capabilities and accelerating refined business practices, scenario-based business practices and intelligent service structure. At the end of March 2021, the number of credit cards in circulation was 65,057.9 thousand, increasing by 1.3% from the end of last year; and the balance of credit card loans was RMB520,526 million, decreasing slightly by 1.6% from the end of last year due to seasonal consumption fluctuations. In the first quarter of 2021, the total volume of credit card transactions was RMB887,138 million, increasing by 14.2% as compared with the same period of last year. The transaction volume of the Credit Card Mall gained a year-on-year increase of 24.4%.

Xinyidai

In the first quarter of 2021, new “Xinyidai” loans of the Bank amounted to RMB35,770 million, representing a year-on-year increase of 57.9%. At the end of March 2021, the balance of “Xinyidai” loans was RMB149,442 million, increasing by 2.2% over the end of the previous year. The Bank continued to promote the digital construction and transformation of the end-to-end business process, and the proportion of digital loans in “Xinyidai” business maintained over 70%. By adhering to prudent and sound risk policies, the Bank further

improved the intelligent risk pricing strategy, continued to expand its high-quality customer groups and improved its ability to serve the real economy and small and micro enterprise owners. Meanwhile, it strengthened the management of existing high-quality customer groups, explored new business growth opportunities and improved customer stickiness by increasing the engagement with existing customers.

Personal residential mortgage loans and title deed-secured loans

In the first quarter of 2021, the Bank provided a total of RMB80,989 million new personal residential mortgage loans and title deed-secured loans, representing a year-on-year increase of 85.2%; at the end of March 2021, the balance of personal residential mortgage loans and title deed-secured loans amounted to RMB570,239 million, increasing by 7.9% as compared with the end of last year, among which the balance of personal property mortgage loans was RMB249,512 million, increasing by 4.2% from the end of last year. The Bank vigorously implemented the requirements on serving real economy and policy guidance on supporting the financing needs of small and micro enterprises, and continued to improve business processes, the efficiency and customer experience of inclusive financial services. In addition, the Bank strengthened the management of high-quality customer groups, continued to promote “Home Equity Loans” (Kuidai) businesses among high-quality customers possessing high-quality real estates, and further reduced the financing costs of small and micro enterprises. In the first quarter of 2021, the total “Home Equity Loans” the Bank issued exceeded RMB10,000 million.

Auto finance loans

In the first quarter of 2021, the Bank’s new auto finance loans amounted to RMB63,774 million, with a year-on-year increase of 67.9%; at the end of March 2021, the Bank’s balance of auto finance loans was RMB263,092 million, an increase of 6.8% from the end of the previous year. The Bank continued to promote the transformation of its product-driven business to customer group-based business in auto finance, strengthened the construction of intelligent management platform, built the centralised data-driven operational platform and the full-process online service interaction platform, to improve customer experience and service efficiency.

“Two” core capabilities

(1) Risk control

As at the end of March 2021, the NPL ratio of the Bank’s personal loans was 1.14%, basically maintaining the same as that at the end of last year, and down 0.42 percentage point from the peak during the pandemic (at the end of June) of last year. With effective domestic pandemic prevention and containment, economic activities basically returned to normal. The marginal risk level of the Bank also gradually improved, and the new overdue ratio and new NPL ratio of loans returned to the level before the COVID-19 outbreak. With respect to risk management policies, the Bank moderately tightened the access threshold, and applied industry-leading technologies and risk control models to improve the quality of customers and the identification of high-risk customers. The Bank implemented differentiated risk management strategies, and provided deferred repayment options, exemption or reduction of interests and loan renewal without principal repayment and other preferential services to small and micro enterprises eligible for inclusive finance under regulatory policies, to support the recovery of the real economy.

(2) Cost control

In the first quarter of 2021, the Bank continued to promote the transformation of retail cost management to be “digitally driven”. In addition, the Bank established a digital cost-driven system for in-depth analysis of the cost structure and continuous exploration of effective measures for cost reduction and efficiency improvement, and formulated differentiated resource allocation plans based on the DOCE strategies to guide significant improvement for mature businesses, precise targeting for growing businesses, and early planning for potential businesses.

In the first quarter of 2021, the productivity and efficiency of the Bank’s wealth management business were significantly improved. The Bank’s AUM operating income per retail outlet increased by 42.2% to RMB4,563.7 thousand as compared with the same period of last year, and the cost/income ratio of the retail business declined by 2.78 percentage points as compared with the same period of last year. While improving the cost/income ratio, the Bank will continue to intensify investment in growing and potential businesses and create new growth driver

of operating revenue.

“One” ecosystem

In terms of the open banking construction, in the first quarter of 2021, the Bank’s open banking released industrial solutions for human resources, education, real estate and law practice, such as online salary release plan for flexible employment, smart campus, property deposit and law firm deposit. The open banking met the needs of various industries by leveraging the capabilities of the Bank’s financial products and constantly integrated financial services into users’ life scenarios, thereby to serve the real economy.

In terms of the AI Bank construction, the Bank continued to boost full-scale AI application in its retail business and use technology strength to prosper traditional businesses. In regards to AI marketing, in the first quarter of 2021, the monthly average number of customers served by AI account managers increased by 49.3% over that of 2020 and the monthly transaction amount of AUM products in the first quarter increased by 24.3% from that of 2020. In terms of AI customer service, at the end of March 2021, the Bank’s omni-channel non-manual services accounted for more than 90% of the total services, and the average operating cost per customer decreased by 57% as compared with that in the initial stage of AI customer service project. In terms of AI risk control, since the full implementation of the uniform AI-empowered anti-fraud system SAFE for the retail business in 2018, it prevented more than RMB2,500 million of assets from fraud attacks.

In terms of mid-office retail platform construction, to better implement customer group-based management and comprehensive customer management, the Bank further upgraded its mid-office platform capability, continuously improved the matching mechanism of front-, mid- and back-office and the incubation mechanism of mid-office capability, and stepped up the efforts in building a mid-office retail platform covering the whole customer life cycle and the whole process, improving the capabilities of customer acquisition and customer management and driving continuous business innovation breakthroughs.

In terms of the Smart Operation construction, the Bank strove to build Smart Operation 3.0 with great experience, high efficiency and excellent product delivery. In addition, the Bank upgraded the new retail outlets 2.0 to build outlets for “finance + design”, “finance + technology”, “finance + ecology”, and “finance + social activities”. Upgrading the management mode of “Duplication of Lihua Branch Model 4.0”, the Bank promoted the business model of running both online and offline outlets, and built a data-driven intelligent OMO (Online Merge Offline) service marketing system and a digital management system.

Comprehensive finance contribution

In the first quarter of 2021, the Bank enhanced the growth of its businesses by leveraging on Ping An Group’s comprehensive financial service platform with product development, channel, account management and other functions, while supporting the personal business development of Ping An Group. Firstly, the Bank’s capability of product development enhanced through its cooperation with subsidiaries of Ping An Group, which enabled the Bank to provide comprehensive solutions to customers. As the insurance trust business was constantly upgraded, the first quarter of 2021 recorded a growth of over RMB12,925 million, representing a year-on-year increase of 264.5%. Secondly, the Bank actively integrated itself with the ecological development of Ping An Group and continuously expanded the car owner-related scenarios of services, with new customers acquired among credit card car owners totalling 406 thousand. Thirdly, the Bank actively gave full play to its advantages in account management, payment and settlement services, and provided other subsidiaries of Ping An Group with account management capacities to help customers realise asset appreciation and increase in value at the Bank.

The Bank continued to deepen the innovation and upgrading of digitalised MGM (Member Get Member) operation model. In the first quarter of 2021, the number of new customers acquired through the model by the Bank represented a net increase of 1,144.3 thousand, accounting for 35.2% of the total new retail customers, and the number of wealth customers represented a net increase of 31.6 thousand, accounting for 58.1% of the total new wealth customers; the number of private banking customers increased by 2.4 thousand, accounting for 46.2% of the total new private banking customers; the balance of AUM of retail customers represented a net increase by RMB97,046 million, accounting for 54.6% of the total asset balance of the new retail customers; “Xinyidai” loans amounted to RMB20,216 million, accounting for 56.5% of the total issuance of “Xinyidai” loans; auto finance loans amounted to RMB16,601 million, accounting for 26.0% of the total issuance of auto finance loans; and the number of credit cards newly issued was 497 thousand, accounting for 23.0% of the total newly issued cards.

2.3.4 Refined and enhanced corporate business

In the first quarter of 2021, adhering to the customer-centric principles, the Bank established a business model of “AUM + LUM + operation platform”⁴ to further refine and enhance corporate business. The Bank practised the “3 + 2 + 1” corporate business strategy, centring around the three business pillars of “industry banking, transaction banking and comprehensive finance”, focusing on the two core customer groups of “strategic customers and small and micro enterprise customers”, holding the lifeline of asset quality, and put efforts in enhancing its “five trump cards” in new supply chain finance, bill integration, customer management platform, complex investment and financing and ecological comprehensive expansion to make breakthroughs. In addition, applying technologies such as AI, block chain, and IoT in an extensive and comprehensive way, it fully supported the balanced development of the businesses across the Bank and the implementation of the retail transformation strategy.

The Bank’s asset and liability structure of corporate business continued to improve. At the end of March 2021, the balance of corporate loans was RMB1,108,599 million, representing an increase of 4.5% as compared with the end of last year; the balance of corporate deposits was RMB2,018,554 million, representing an increase of 1.5% as compared with the end of last year, among which the balance of corporate demand deposits was RMB754,011 million, representing an increase of 8.6% as compared with the end of last year. In the first quarter, the daily average balance of corporate deposits amounted to RMB2,019,365 million, up 5.5% from the same period of last year, among which the daily average balance of corporate demand deposits was RMB688,249 million, increasing by 26.5% from the same period last year. The average cost rate of corporate deposits was 1.98%, decreasing by 39 basis points as compared with the same period of last year, or 19 basis points as compared with the whole year of last year.

“Three” business pillars

(1) Industry banking

With a vision to become “the pioneer of ecological banking, the vanguard of strategic customer operation and the forerunner of complex investment and financing”, the Bank’s industry banking is committed to the refined management of its industry customers.

Industry banking fully supported the development of the real economy and continued to increase asset investment in key industries. At the end of March 2021, the proportion of the credit balance to customers from key industries related to medical and health care, auto ecosystem, clean energy, people’s livelihood, infrastructure and transportation, electronic information, green and environmental protection was 45.9%.

The Bank’s industry banking and investment banking were fully integrated and customer-centred, relying on the platform advantages of Ping An Group as a platform, to tailor comprehensive industry-specific financial solutions for customers and enable them to increase financing and reduce costs effectively, and to fully support the development of the real economy. In the first quarter of 2021, the scale of the Bank’s complex investment and financing business amounted to RMB350,399 million, with a year-on-year increase of 40.9%, including investment bank business of RMB225,028 million, with a year-on-year increase of 37.8%. Leading the growth of investment banking, the scale of the Bank’s syndicates business and mergers and acquisitions (“M&As”) business amounted to RMB72,782 million and RMB17,141 million, respectively, with a year-on-year increase of 350.4% and 117.9%, respectively.

The Bank’s industry banking and transaction banking were fully integrated, focusing on the needs from upstream and downstream customer and ecosystem customers and relying on its FinTech advantages to provide scenario-based and platform-based financial solutions. In the first quarter of 2021, the industry banking’s new supply chain finance transaction volume reached RMB143,729 million, increasing by 126.1% over the same time of last year.

⁴ AUM refers to the Bank’s assets under management of corporate customers, and LUM refers to the Bank’s corporate loans under management.

(2) Transaction banking

Customer management platform

The Bank's "Ping An Digital Pocket APP" constantly upgraded the "five trump cards" in corporate business around experience, function and operation, making more scenarios and applications interconnected via "digital account + digital certification+ digital score". The Bank completely changed its strategy, and shifted perspective from customer to user, customer acquisition from single-point to platform-based, customer connection from loan-oriented to service-oriented, and offerings from financial services to comprehensive services, thus recording rapid growth of users. At the end of March 2021, the number of registered corporate users of the Bank's Digital Pocket APP reached 2,599.2 thousand, representing an increase of 149.9% over the end of the previous year.

The Bank built an industry-leading digital treasury platform by providing flexible architecture, openness and empowerment and intelligent configuration. The Bank's digital treasury management platform offered services including budget management, interbank collection and payment management, capital pool, and financing management, to meet comprehensive treasury management demands of large or medium enterprises and companies.

Based on the platform customers' needs for various scenarios, the Bank aimed to build an API for outbound services, which will integrate cash management, bills, new supply chain finance and other services into the entire production and operation process of an enterprise, to support the development of the enterprises. Through partnership with the developers of the SaaS (software as a service) platform, the Bank created an industrial ecosystem and formed an ecological cooperation mode of "1 + N" bulk customer acquisition and operation. At the end of March 2021, the Bank's open platform served 16,606 customers, an increase of 39.5% over the end of last year. The total number of transactions in the first quarter was 1,677 million, representing a year-on-year increase of 45.1%.

Payment and settlement

Based on the corporate business transformation strategy, the Bank provided "integrated services for Internet Platform + Business (corporate users)/Customer (individual users)" for the Internet platform customers under the industrial Internet, consumer Internet and various segment business scenarios. By connecting payment and settlement with platform-based transactions and reinventing financing model with payment data that equipped platform merchants with digital certification and digital scores, the Bank achieved interconnection of merchant services and integration of the rights and interests system. The Bank was upgraded from serving the financial needs of the platform and supporting platform compliance to supporting the operation of the platform, hence boosting transactions on platform on the basis of user development. In the first quarter of 2021, the Bank launched 2,446 million transactions relating to Internet payment and settlement business to serve the enterprises on the platforms, a year-on-year increase of 194.7%; the amount of transactions reached RMB4.67 trillion, a year-on-year increase of 270.6%.

New supply chain finance

To reshape its brand in supply chain finance, the Bank penetrated deep into the industrial chain, explored scenario-based financial needs of ecological customer group, and created new supply chain finance through digitalised, model-based and automated operation, to effectively help with the difficulty and high cost in financing for small and medium enterprises. Taking into consideration scenarios of industry segments, the Bank built a new "1+N" supply chain finance model around the upstream and downstream of the corporate supply chain, continuously enhanced the overall "supply chain+" capability, provided customers with integrated industry-specific and customised supply chain finance solutions, and achieved in-depth development and integration of large, medium and small enterprises of the upstream and downstream of core enterprises, to provide diversified financing services for customers. In addition, with cloud service platform for supply chain accounts receivable-"Ping An Good Chain", the Bank optimised the complete business process of registration, approval and charge-off using technologies such as cloud computing, block chain and AI, and greatly improved the user experience. By connecting with high-quality platform scenarios, optimizing platform linking capabilities and creating super application programming interface ("APIs"), the Bank achieved intelligent and digital operation of supply chain business. At the end of March 2021, a total of 15,089 enterprise customers received

financial services through the platform of “Ping An Good Chain”. The platform’s trading volume in the first quarter reached RMB24,048 million with a year-on-year increase of 278.6% and the financing volume was RMB8,627 million with a year-on-year increase of 217.6%.

Bills

In the first quarter of 2021, the Bank continued to deepen integrated management for bills, comprehensively upgraded customer services through its digitalised, model-based and automated services, and launched innovative solutions such as mobile portal, and open banking platform. By focusing on the “finance + technology” advantages, the Bank continuously optimised customer experience and enhanced the maintenance of basic customer groups, to serve the real economy, turning its bills business into “credit cards for corporate customers”. In the first quarter of 2021, the bank acceptance notes discounting amounted to RMB131,624 million, a year-on-year increase of 8.9%. Over 90% of the services were completed online.

Cross-border finance

Centring on the customer’s demands for global credit facilities and global asset and wealth management across currencies and scenarios, the Bank fully leveraged its advantages in five major cross-border financial service sectors, including onshore, offshore, free-trade zone, NRAs (non-resident accounts), and overseas branches services, further developed our five major product series, namely, “Cross-border Investment and Financing, Cross-border Fund Management, Cross-border Trade Finance, Cross-border Inter-bank Finance, and Cross-border e-Finance”, and focused on the investment, financing and refinancing needs of Chinese-funded enterprises in their overseas operations, cross-border M&As, and privatisation, to provide enterprises with one-stop services covering “investment banking and commercial banking businesses, overseas and domestic operations, domestic and foreign currencies”. In addition, the Bank actively promoted digital and intelligent online operations, constantly improved the service capabilities of Global Transaction Banking (“GTB”), and supported enterprises’ global operations and development with professional and effective cross-border financial services.

In the first quarter of 2021, closely following the financing needs of the real economy, and the refinancing needs of Chinese-funded enterprises in cross-border M&As and privatization, the Bank successively implemented a number of cross-border investment and financing loan projects. In addition, the Bank focused on addressing customers’ needs for diversified cross-border financial services by continuously making innovation in respect of its business model and smart services, including providing online financing product “Export E-loan” for small and medium export enterprises, continuously upgrading cross-border businesses of Digital Pocket and cross-border online banking service functions and experience, and fully supporting the development of the real economy. At the end of March 2021, the Bank’s corporate loans denominated in foreign currencies amounted to an equivalent of RMB186,076 million, increasing by 6.0% over the end of last year.

(3) Comprehensive finance

As an engine of Ping An Group’s comprehensive finance “1 + N” business, the Bank aimed to create ecological comprehensive expansion, and become an ecological joint between the Group’s internal and external resources. Cooperating with various professional companies within Ping An Group, the Bank used technologies to promote the two-way linkage of AUM (the Bank’s assets under management of corporate customers) and LUM (the Bank’s corporate loans under management), continuously strengthened the service capability of our comprehensive finance to facilitate a rapid breakthrough in their business.

On the one hand, the Bank continued to expand its channels by combining the business capabilities of professional companies within Ping An Group and external channels were combined with banking businesses in terms of process and product design. The Bank also took integrated measures to serve corporate customers and focused on increasing the size of premiums, investment and financing and cooperation deposits. Further, the Bank used technology platform and AI assistant to enable customer operation, thereby introduced high-quality comprehensive finance customers. On the other hand, the Bank increased its comprehensive income by deepening the management of comprehensive finance customers through its competitive products and operational services, and created innovative cooperation scenarios in order to promote sustainable and high-quality growth of corporate business.

In the first quarter of 2021, the premiums from banking insurance amounted to RMB1,174 million, with a year-on-year increase of 8.0%; the new investment and financing projects jointly implemented by the Bank and

specialised companies within the Group amounted to RMB142,987 million, with a year-on-year increase of 72.3%; the average daily deposit of new corporate customers from deepened cooperation in comprehensive financial services amounted to RMB157,294 million, increasing by 9.2% over last year, among which the daily average demand deposits accounted for 51.2%; as at the end of March 2021, the balance of deposits of new corporate customers from deepened cooperation in comprehensive financial services amounted to RMB156,393 million, increasing by 5.1% over the end of last year, among which the balance of demand deposits accounted for 55.8%.

“Two” core customer groups

(1) Focusing on strategic customers

The Bank leveraged the product strategy of “Commercial bank + Investment bank + Investment” by drawing the customer graph, relationship graph and business graph, so as to determine the comprehensive finance service plan of “one policy for one account” for strategic customers. Through investment banking, the Bank provided all-round services for the strategic customers and their core subsidiaries and upstream and downstream customers with new supply chain finance and treasury management service, as to achieve the improvement of AUM and LUM and strengthen the ecosystem. At the end of March 2021, the balance of loans to strategic customers increased by 5.8% as compared to the end of the previous year, and their share in corporate loans of the Bank increased by 0.3 percentage point from the end of the previous year.

Focusing on the refined management of strategic customers and putting strategic customers at the core, the Bank fully explored the core subsidiaries, supply chain customers and overseas entities, drove customer development of “N” ecosystems by providing services to “1” strategic customer, helped the development of “N” products by developing “1” product, and dug deeper into strategic customers and their ecosystems, to achieve a comprehensive improvement in the number of customer group and customer value. At the end of March 2021, the balance of loans to strategic customers and their ecosystem increased by 5.0% as compared to the end of the previous year.

(2) Reinforcing small and micro enterprise customer group

Upholding the concept of “Finance + Technology”, the Bank deepened digitalised, data-led and technology-driven operation, providing scenario-based online services in batches for small and micro enterprise customers around the upstream and downstream of the industrial chain. The Bank enhanced the overall operation capabilities of private enterprises and small and micro enterprise customers through business models of Digital Pocket and small enterprise digital finance, and continued to intensify support for private enterprises and small, medium and micro enterprise customers. To support inclusive finance business, the Bank created the “Nebula-IoT Platform”, promoted innovative solutions, continued to achieve scenario breakthroughs and rolled out scenarios for 6 industries, including smart manufacturing, smart vehicle connection, smart energy, smart agriculture, smart logistics and smart urban development.

In the first quarter of 2021, for the Bank’s loans to small and micro enterprises with a credit facility of RMB10 million or less (hereinafter referred to as “inclusive loans to small and micro enterprises”), the weighted average interest rate per newly issued loans declined by 73 basis points as compared with last year.

In the first quarter of 2021, the Bank’s newly issued inclusive loans to small and micro enterprises amounted to RMB 94,143 million, with a year-on-year increase of 81.2%; at the end of March 2021, the number of accounts with inclusive loans to small and micro enterprises reached 703.9 thousand, and the balance of the loans amounted to RMB317,125 million, with an increase of 12.1% from the end of the previous year, accounting for 11.4% of the total balance of loans.

“One” lifeline

Asset quality is always the first lifeline to the corporate business. The Bank continuously consolidated the collaboration between risk management and businesses, strengthened the recovery and disposal of stressed assets, and ensured the controllability of the overall asset quality of corporate business under many uncertainties in the external environment. At the end of March 2021, corporate NPL ratio was 1.03%, a decrease of 0.21 percentage point from the end of prior year.

2.3.5 New development of interbank capital business

The Bank's interbank capital business adopted "promoting new growth and creating a new brand" as its development direction for the next three years, comprehensively promoting the "3 + 2 + 1" business strategy, focusing on three major business directions of "new transactions, new interbank business and new asset management", and strengthening the two core capabilities of "sales and transaction". Comprehensively promoting digital operations, the Bank built "one intelligent platform for capital system" so as to drive businesses. In addition, the Bank deeply implemented the spirit of financial institutions serving the real economy, so as to actively advance reforms, promote development, and maintain stability. In the first quarter of 2021, as a core market maker of bond and interest rate derivative business in the interbank market, the Bank resolutely fulfilled its role as market maker to continue to actively launch FICC (fixed income, currencies and commodities) market-making transaction business, continuously providing liquidity to the market and effectively securing its first place in the market of market-making business. Meanwhile, the Bank continued to improve services for interbank customers, created a mutually beneficial ecosystem for the industry and promoted the steady operation of Ping An Wealth Management.

"Three" major business directions

(1) New transactions

In the first quarter of 2021, the common recovery was highly expected for global economy. The overseas economy had improved along with the recovery of major European and American countries, and the yield on 10-year U.S. bonds hit a new high in March 2021 since the outbreak of the pandemic. The domestic economy performed well at the beginning of the year; market liquidity maintained tight balance, and bond yields experienced an upward fluctuation. In an increasingly complex and ever-changing market environment, the Bank always leveraged on its leading electronic trading system and advanced quantitative analysis capabilities, adhered to the strategic determination of "creating a diversified full business FICC system with a balanced structure", and maintained the growth momentum in the in-depth development of FICC investment and market-making transactions, hedging businesses and other diversified businesses.

Firstly, for investment transactions, the Bank kept up with the changes in macro-politics and economy, applied the unique intelligent algorithm strategy platform in the industry, flexibly used a variety of trading tools, diversified trading strategies and quantitative strategy analysis models to capture cross-market and cross-type trading opportunities covering fixed income, foreign exchange, and bulk commodities, and maintained a relatively prudent trading plan and strictly controlled risk exposure in an overall downward market. For market-making transactions, the Bank successively implemented the digitalization of the market-making transactions of gold and foreign exchange after that of fixed income. The Bank also further opened up online and offline quotation service channels to provide the most updated and optimal quotations for market peers in multiple markets and multiple channels. Secondly, for customer business, the Bank's "Ping An Risk Avoidance" business, with the platform-based and customised customer services, helped enterprises resolve the impact of financial risks on their asset and liability management and realise preservation and appreciation of assets. In addition, the Bank promoted the return of structured deposit products to the original purpose and provided more financial market product services for corporate and individual customers. The Bank's advanced transaction system supported enterprises to complete transactions with one click, and automatically generated business reports. In addition, the expert service team tailored hedging strategies for enterprises considering the characteristics of their main business.

In the first quarter of 2021, the Bank's market share of the volume of interest rate swap, gold transaction and bond transaction was 12.9%, 7.9% and 2.1%, respectively; and "Ping An Risk Avoidance" foreign exchange and interest rate derivatives business transaction amounted to USD6,156 million, a year-on-year increase of 60.7%. The Bank maintained a leading role as a market maker in derivatives in the first quarter of 2021 in the ranking published by China Foreign Exchange Trade System.

(2) New interbank business

By in-depth implementation of the "customer-centric" business philosophy, the Bank's interbank business built a mutually beneficial ecosystem with all stakeholders and created a new brand of financial institution sales. The Bank also provided customers with comprehensive solutions based on "product + service" portfolios. Firstly, the Bank comprehensively promoted the digital transformation of interbank business. The "Hang-E-Tong" platform

continued to explore new models of financial institutions. The Bank innovated the BPBC (Bank-PAB-Bank-Customer) financial product delivery and sales cooperation model, and built a "highway" between financial institutions to aggregate and deliver excellent financial products to financial institutions and their customers through the platform, assisted product providers to expand sales channels and sales organizations to add product categories, and aimed to build a new ecosystem for win-win cooperation among institutions. Secondly, the Bank took advantages of its comprehensive finance service, embedded services in customer operation scenarios, and followed customers' fund flows to focus on improving precision marketing capability and the ability to apply comprehensive solutions. Thirdly, the Bank implemented comprehensive customer management, optimised the sales structure, and strengthened regional market exploration and risk identification, so as to realise professional customer management and integrated services. Fourthly, with the development goal of becoming the "most useful, intelligent and valuable custodian bank", the Bank deepened the application of FinTech in service innovation, and provided customers with one-stop, efficient, safe and diversified custody services. The Bank closely followed and analysed market demand, and based on the demand, the Bank launched a variety of intelligent custody service tools to maximise customer empowerment.

At the end of March 2021, the Bank's "Hang-E-Tong" provided services to 2,339 customers. In the first quarter of 2021, the interbank sales numbered RMB462,028 million, representing a year-on-year increase of 117.5%. At the end of March 2021, the Bank's net custody assets amounted to RMB6.28 trillion, increasing by 8.2% from the prior year-end.

(3) New asset management

Ping An Wealth Management, a wholly-owned subsidiary of the Bank, was officially opened for business on 28 August 2020. The registered capital of Ping An Wealth Management is RMB5,000 million, and its principal business activities include issuance of public WMPs and private WMPs, financial advising and consulting service and other asset management related businesses.

Ping An Wealth Management fully promoted the transformation and development of wealth management business while steadily and orderly promoting the reduction of old products. Firstly, the Bank strictly implemented the regulatory requirement and completed the shift of stressed non-standard assets back on balance sheet. Secondly, based on the plan for the legacy wealth management business during the transition period, the Bank reduced the proportion of old products to 24% as at the end of March 2021, and completed the reduction of principal-guaranteed products in February 2021. Thirdly, the Bank made every effort to promote the transformation of financial management business and achieved a market-leading growth in non-principal-guaranteed products, which met the requirement in the new asset management regulations that net asset value-based products should continue to grow fast; and the Bank further expanded the product types, developed the second hybrid WMP with a size over RMB10,000 million, and achieved breakthroughs in foreign exchange WMPs. Fourthly, the investment research capabilities building showed certain initial results, as the Bank primarily established an investment research system centring on large-scale assets allocation, and improved digital operation capabilities.

At the end of March 2021, the Group's balance of non-principal-guaranteed WMPs was RMB686,630 million, increasing by 5.9% as compared with the end of last year. Net-value-based products in compliance with requirements in new asset management regulations amounted to RMB521,828 million, representing an increase of 12.6% as compared with the end of the previous year, and its proportion in non-principal-guaranteed WMPs increased from 71.5% at the end of the previous year to 76.0%. As at the end of March 2021, the number of wealth management customers reached 1,940 thousand.

"Two" core capabilities

Improve sales capability. Aiming at "comprehensive financial product sales and service provider for institutional customers", the Bank continued to improve the construction of "Hang-E-Tong", and provided customers with one-stop integrated financial services such as scenario-based product design, asset recommendation and sales channels. With "Hang-E-Tong" as the platform entrance, the Bank integrated product design, asset recommendation and sales services, constructed a customer service loop with "Tong-E-Jia" and improved the application of customer and product portraits. While leveraging Ping An Group's advantages of comprehensive financial business, the Bank opened up the entire chain of funds, products, assets and services, and built a mutually beneficial scenario-based ecosystem with all stakeholders.

Improve transaction capability. The Bank leveraged the four trading advantages of “international professional team, leading trading system, real-time risk control capability and outstanding pricing capability” to continuously optimise investment efficiency; further intensified outbound empowerment of transaction capabilities, comprehensively served other banks, companies and retail customers in the industry and gradually extended the service to Ping An Wealth Management and customers within Ping An Group’s ecosystem.

“One” intelligent treasury system platform

The Bank adopted leading technologies to constantly improve capabilities of accurate pricing, efficient execution and agile risk control, and to support more transaction types and markets and provide more efficient transaction processing capacity. The Bank used quantitative analysis models to identify small trading opportunities and capture swing trading opportunities for electronic trading. In addition, the Bank used flexible and rich hedging tools and real-time risk control systems to strictly control risk exposures, and provided supports for the three major business directions of “new transactions, new interbank business and new asset management”.

2.3.6 Technology-empowered digital operations

In the first quarter of 2021 in order to continuously improve digital operation, the Bank strove to be earlier in capturing information, decision-making and taking actions at the decision-making level, to improve effectiveness, efficiency and productivity at the operation level, and to reduce cost, risk and human resources at the management level; and aimed to empower customers, frontline personnel, risk personnel, and management personnel.

With respect to FinTech innovation, as at the end of March 2021, the recognition accuracy of retail credit card intelligent voice recognition technology reached 96%, and the number of connection scenarios increased to 114, up by 17.5% over the end of last year. In the first quarter, the credit card instalment orders facilitated by this technology was about RMB6,100 million, increasing by more than 60% as compared with the same period of last year. The AI model automation rate of the intelligent approval process of digital finance for small business reached 96%, the accuracy of AI customer service Q&A increased from 87% at the end of the last year to 92%, and the cumulative number of channels connected increased to 52. The smart risk control system was updated with smart alert module, which can improve the forward-looking risk alert over 90%. The “Caizhitong” system achieved one-click reimbursement function, which can effectively save 2,000 people/month of financial manpower. The Bank’s open banking launched nearly 3,000 API services in total, and the average volume of daily interface calls exceeded 43 million, up by 17.6% and 35.1% respectively over the end of last year. Meanwhile, the Bank’s open banking project won the “Leader of Open Banking in Asia” award in the 2021 Asia-Pacific Financial Insights Innovation Awards hosted by IDC (International Data Corporation).

With respect to the application system development, the Bank continued to deepen agile research and development, and the efficiency of demand delivery was significantly improved. In the first quarter of 2021, the number of business development requests received increased by 28.7% as compared with the same period of last year. The Bank launched and implemented several major business projects, including retail risk central platform, corporate business mid-office platform, the fourth phase of the new generation of financial market business core system and banking and insurance application system, to enhance mid- and back-office capability sharing and build a more digitalised, intelligent and centralised business system.

With respect to basic platform construction, the Bank continued to push forward the application and promotion of cloud native technical architecture and consolidated the technical support for digital transformation. Firstly, the Bank continued to improve and promote Starlink, an integrated platform of development, operation and maintenance. In the first quarter, all the R&D teams have been covered. After connecting to Starlink, the R&D efficiency of the Bank was rapidly improved. The delivery productivity of the credit card R&D team increased by 30% as compared with the same period of last year, and the average delivery time of the consumer finance and interbank capital business R&D teams reduced by more than 50%. Secondly, the Bank completed the construction of an enterprise-level data mid-platform and achieved the integration and efficient sharing of data views including customers, finance, risk and operation, so as to improve the data service efficiency of overall digital operations. Thirdly, the Bank accelerated the construction of system disaster tolerance. At the end of March 2021, the Bank has achieved active-active architecture in the same city for more than 180 important systems, further improved system availability and anti-risk capacity, and safeguarded business continuity.

2.3.7 Actively fulfilling social responsibilities

1. Serving real economy

Continued to enhance financial services for private enterprises and supported the high-quality development of small, medium and micro enterprises. The Bank relied on cutting-edge technologies such as AI, biological recognition, big data, blockchain and cloud computing in premium services, including “Ping An Good Chain”, “small business digital finance” and “Xinyidai”, so as to effectively support the development of private enterprises and small, medium and micro enterprises and help small enterprises address their financing difficulties, including lack of access to financial resources and high financing costs. Meanwhile, the Bank completed the issuance of a total of RMB20,000 million of special financial bonds for loans to small and micro enterprises. The funds raised were used specifically to issue loans to small and micro enterprises. The Bank intensified support for financing needs of small and micro enterprises and promoted the steady and healthy development of their business.

In the first quarter of 2021, private enterprise customers of newly issued loans accounted for above 70% of total customers of newly issued corporate loans. At the end of March 2021, the balance of loans to private enterprises increased by 8.1% as compared with the end of last year, and accounted for 72.4% of the total corporate loans. The balance of the Bank’s inclusive loans to small and micro enterprises increased by 12.1% as compared with the end of last year, and the weighted average interest rate of new loans in the first quarter for these small and micro enterprises declined by 73 basis points over the last year, with the NPL ratio within reasonable range. At the end of March 2021, the Bank’s total on-balance sheet and off-balance sheet credit facilities amounted to RMB4,284,983 million, increasing by 5.6% over the end of last year.

Continued to promote financial innovation and technology enablement, and achieved breakthroughs in the service models for manufacturing enterprises. Firstly, the Bank penetrated deep into the industrial chain end-to-end scenarios, explored the financial needs of ecological customer group scenarios, and built new supply chain finance via digitalisation, modelling and automation to develop smart supply chain business and achieve intelligent and digital operation. Secondly, the Bank implemented integrated management of the bill business and continued to introduce innovative service solutions to provide manufacturing enterprises with digitalised and low-cost bill discounting services to facilitate the high-quality development of the manufacturing industry. Thirdly, the Bank used FinTech to enable its business, restored the real operating conditions of small and medium manufacturing enterprises through “data + model”, and used technologies such as the Internet of Things and big data to build risk control models and innovate digitized and standardized credit loan products, increasing credit loan support for small and medium manufacturing enterprises.

Adhered to the concept of sustainable development and further promoted green finance. The Bank strictly implemented the national strategy of “achieving peak carbon dioxide emissions and carbon neutrality”, adhered to the business practice of promoting the development of the real economy with green finance, vigorously supported the development of green industries such as clean energy and environmental governance, clarified the development goals of green finance, studied relevant preferential policies, and, under the same conditions, gave priority to credit support in terms of loan pricing and resource allocation for businesses eligible for green credit. The Bank actively guided credit resources to invest in green finance-related fields, and set strict access standards and quota management for the “high energy-consuming and high-emission industries and overcapacity industries” to guide related industries to eliminate outdated production capacity and achieve technological upgrading.

2. Providing financial support for rural revitalisation

In response to the call of the Party and the nation, the Bank established the Rural Revitalization Financial Office and continued to well connect financial support for targeted poverty alleviation with rural revitalisation. Guided by “Finance + Technology”, and focusing on the four orientations of people, finance, materials and path, the Bank continued to accurately locate the targeted customers and advantageous industries for rural revitalisation, and embedded innovative products in scenarios through “Financing + Intelligence integration”, to create a digital rural ecosystem. In the first quarter of 2021, the Bank invested funds of RMB1,820 million in industrial poverty alleviation and rural revitalisation; a total of RMB27,129 million has been invested hitherto, which had benefited almost 860 thousand impoverished people.

In the first quarter of 2021, the Bank continued to launch new professional trainings for farmers, developed the training base management and assessment system for leaders for achieving prosperity by starting a business, and established evaluation criteria and a results tracking platform for the development of intellectual support in the rural revitalisation stage; it supported rural industrial revitalisation and ecological construction with various financial instruments, and issued RMB300 million in rural revitalisation loans to help improve the consumption of electricity for production and living of residents in Zhenxiang County, Yunan and the ethnic minority communities of Hani-Yi Autonomous Prefecture of Honghe, Yunnan, and to promote the prosperity of the industry and ecological liveability. The Bank successfully led in underwriting RMB3,000 million of bonds for green finance (bonds for carbon neutrality) of China Three Gorges Corporation, among which RMB1,500 million was supported the construction of Wudongde, Baihetan, Xiluodu and Xiangjiaba projects. After being completed and put into operation, all the four hydropower stations became the alternatives for thermal power generation, with an average annual power generation of 189,220 million kWh, and it was expected that they can synergistically reduce carbon dioxide emissions by 101,229.3 thousand tons per year, and reduce sulphur dioxide emissions by 34,480.47 tons. The Bank continued to help villages create local brands with local characteristics, developed rural tourism projects named “Beautiful Villages and Safe Qicheng” and led more volunteers to practice public welfare. Leveraging on Internet of Things and channels such as online cloud platform, the market has been continuously expanded. Since 2018, the Bank has helped achieve a total sales revenue of RMB88,310.9 thousand in rural areas.

3. Protecting consumer rights and interests

The Bank attached great importance to protecting consumers’ rights and interests, and worked to provide a strong guarantee for safeguarding the consumer rights and interests by focusing on the control of the whole process and continuing to promote high-tech in the empowerment of the protection of consumers’ rights and interests, actively carrying out theme education about financial knowledge in rural areas and “March 15-World Consumer Rights Day” publicity campaigns on consumers’ rights and interests protection. Meanwhile, it further strengthened the handling and management of consumer complaints, formulated a hierarchical complaint handling mechanism, enhanced the supervision function, supervised business optimization, safeguarded the legitimate rights and interests of consumers and ensured that the primary responsibility for complaint handling in banking institutions was well-defined and fulfilled.

2.4 Interest income and expense

2.4.1 Average daily balance and average yield/cost rate of the major asset and liability items

(In RMB million)

Item	January to March 2021			January to March 2020		
	Average daily balance	Interest income/expenses	Average yield/cost rate	Average daily balance	Interest income/expenses	Average yield/cost rate
Assets						
Loans and advances to customers (excluding discounted bills)	2,614,071	41,543	6.45%	2,261,743	39,204	6.97%
Bond investment	771,203	5,486	2.88%	750,511	5,814	3.12%
Balances with the Central Bank	239,742	881	1.49%	222,563	848	1.53%
Bills discounting and interbank business	576,784	4,164	2.93%	594,775	4,672	3.16%
Total interest-earning assets	4,201,800	52,074	5.03%	3,829,592	50,538	5.31%
Liabilities						
Deposits due to customers	2,697,291	13,672	2.06%	2,507,346	15,076	2.42%
Debt securities issued	633,723	4,599	2.94%	506,883	4,055	3.22%
Including: Interbank certificates of deposits	511,321	3,491	2.77%	413,260	3,063	2.98%
Interbank business and others	738,949	4,037	2.22%	650,534	3,976	2.46%
Total interest-bearing liabilities	4,069,963	22,308	2.22%	3,664,763	23,107	2.54%
Net interest income		29,766			27,431	
Deposit-loan spread			4.39%			4.55%
NIS			2.81%			2.77%
NIM			2.87%			2.88%

(In RMB million)

Item	January to March 2021			October to December 2020		
	Average daily balance	Interest income/expenses	Average yield/cost rate	Average daily balance	Interest income/expenses	Average yield/cost rate
Assets						
Loans and advances to customers (excluding discounted bills)	2,614,071	41,543	6.45%	2,456,848	40,288	6.51%
Bond investment	771,203	5,486	2.88%	703,935	5,651	3.18%
Balances with the Central Bank	239,742	881	1.49%	226,073	850	1.49%
Bills discounting and interbank business	576,784	4,164	2.93%	597,278	4,033	2.68%
Total interest-earning assets	4,201,800	52,074	5.03%	3,984,134	50,822	5.06%
Liabilities						
Deposits due to customers	2,697,291	13,672	2.06%	2,518,060	13,356	2.10%
Debt securities issued	633,723	4,599	2.94%	593,972	4,336	2.90%
Including: Interbank certificates of deposits	511,321	3,491	2.77%	486,488	3,313	2.70%
Interbank business and others	738,949	4,037	2.22%	757,322	4,218	2.21%
Total interest-bearing liabilities	4,069,963	22,308	2.22%	3,869,354	21,910	2.25%
Net interest income		29,766			28,912	
Deposit-loan spread			4.39%			4.41%
NIS			2.81%			2.81%
NIM			2.87%			2.88%

2.4.2 Average daily balance and average yield of loans and advances to customers

(In RMB million)

Item	January-March 2021			January-March 2020		
	Average daily balance	Interest income	Average yield	Average daily balance	Interest income	Average yield
Corporate loans (excluding discounted bills)	978,465	9,879	4.09%	910,126	10,273	4.54%
Personal loans (including credit cards)	1,635,606	31,664	7.85%	1,351,617	28,931	8.61%
Loans and advances to customers (excluding discounted bills)	2,614,071	41,543	6.45%	2,261,743	39,204	6.97%

Item	January-March 2021			October-December 2020		
	Average daily balance	Interest income	Average yield	Average daily balance	Interest income	Average yield
Corporate loans (excluding discounted bills)	978,465	9,879	4.09%	937,188	9,701	4.11%
Personal loans (including credit cards)	1,635,606	31,664	7.85%	1,519,660	30,587	7.99%
Loans and advances to customers (excluding discounted bills)	2,614,071	41,543	6.45%	2,456,848	40,288	6.51%

In the first quarter of 2021, the Group's average yield rate of loans and advances to customers was 6.45%, down 52 basis points as compared with the same period of last year. The average yield of corporate loans was 4.09%, down 45 basis points from the same period of last year as a result of continued decline in lending rates. The Group continued to increase credit supply to the real economy for industries such as manufacturing, effectively reducing their financing costs, and the yield rate of corporate loan decreased consequently. The average yield rate of personal loans was 7.85%, down 76 basis points from the same period of last year, mainly due to the Group's increase in the grant of title deed-secured loans with lower risk and unsecured loans for high-quality customers to optimize the customer structure in response to the impact of the pandemic on consumer market.

2.4.3 Average daily balance and average cost rate of deposits due to customers

(In RMB million)

Item	January to March 2021			January to March 2020		
	Average daily balance	Interest expenses	Average cost rate	Average daily balance	Interest expenses	Average cost rate
Corporate deposits	2,019,365	9,846	1.98%	1,914,774	11,279	2.37%
Including: Demand deposits	688,249	1,098	0.65%	544,266	860	0.64%
Time deposits	990,807	7,231	2.96%	1,027,186	8,290	3.25%
Including: Treasury deposits and agreement deposits	111,354	1,027	3.74%	88,841	831	3.76%
Margin deposits	340,309	1,517	1.81%	343,322	2,129	2.49%
Personal deposits	677,926	3,826	2.29%	592,572	3,797	2.58%
Including: Demand deposits	225,419	165	0.30%	190,181	140	0.30%
Time deposits	417,891	3,360	3.26%	383,307	3,488	3.66%
Margin deposits	34,616	301	3.53%	19,084	169	3.56%
Deposits due to customers	2,697,291	13,672	2.06%	2,507,346	15,076	2.42%

Item	January to March 2021			October to December 2020		
	Average daily balance	Interest expenses	Average cost rate	Average daily balance	Interest expenses	Average cost rate
Corporate deposits	2,019,365	9,846	1.98%	1,886,602	9,569	2.01%
Including: Demand deposits	688,249	1,098	0.65%	626,197	1,038	0.66%
Time deposits	990,807	7,231	2.96%	926,244	6,873	2.94%
Including: Treasury deposits and agreement deposits	111,354	1,027	3.74%	87,410	788	3.58%
Margin deposits	340,309	1,517	1.81%	334,161	1,658	1.97%
Personal deposits	677,926	3,826	2.29%	631,458	3,787	2.38%
Including: Demand deposits	225,419	165	0.30%	214,681	163	0.30%
Time deposits	417,891	3,360	3.26%	385,120	3,346	3.45%
Margin deposits	34,616	301	3.53%	31,657	278	3.48%
Deposits due to customers	2,697,291	13,672	2.06%	2,518,060	13,356	2.10%

Entering 2020, the Bank launched the new three-year strategic initiatives, to promote the transformation of enterprises and retail business, reshape asset and liability operations, and elevate liability cost control to the strategic level of the Bank. The Bank reduced deposit costs via strengthening pricing management, proactively reducing high-cost deposits, relying on the advantages of “Finance + Technology” to expand low-cost deposits.

In the first quarter of 2021, the average cost rate of the Group’s deposits was 2.06%, decreasing by 36 basis points as compared with that of the same period of last year. The average cost rate of corporate deposits and corporate time deposits was 1.98% and 2.96%, respectively, decreasing by 39 and 29 basis points, respectively, as compared with those of the same period last year. The daily average corporate demand deposit was RMB688,249 million, increasing by 26.5% from the same period of last year, accounting for 34.1% of the total daily average corporate deposit, up 5.7 percentage points from the same period of last year. The average cost rate of personal deposits and personal time deposits was 2.29% and 3.26%, respectively, decreasing by 29 and 40 basis points as compared with the same period of last year. The daily average personal demand deposit was RMB225,419 million, increasing by 18.5% from the same period of last year, accounting for 33.3% of the total daily average personal deposit, up 1.2 percentage points from the same period of last year.

2.5 Asset quality

2.5.1 Five-tier classification of loans and advances to customers

(In RMB million)

Item	31 March 2021		31 December 2020		Change at the end of the reporting period from the end of last year
	Balance	%	Balance	%	
Pass loans	2,718,600	97.84%	2,605,204	97.71%	4.4%
Special mention loans	29,388	1.06%	29,703	1.11%	(1.1%)
Non-performing loans	30,522	1.10%	31,390	1.18%	(2.8%)
Including: Substandard	14,750	0.53%	14,205	0.53%	3.8%
Doubtful	5,890	0.21%	5,942	0.22%	(0.9%)

PING AN BANK CO., LTD.
2021 FIRST QUARTERLY REPORT

Loss	9,882	0.36%	11,243	0.43%	(12.1%)
Total principal of loans and advances to customers	2,778,510	100.00%	2,666,297	100.00%	4.2%
Impairment provision for loans and advances to customers	(74,828)		(63,219)		18.4%
Including: Impairment provision for loans and advances to customers measured at amortised cost	(74,167)		(62,821)		18.1%
Impairment provision for loans and advances to customers designated at fair value and changes included into other comprehensive income	(661)		(398)		66.1%
NPL ratio	1.10%		1.18%		-0.08 percentage point
Deviation ratio of loans overdue for more than 90 days (Note 1)	0.78		0.75		+0.03
Deviation ratio of loans overdue for more than 60 days (Note 2)	0.88		0.92		-0.04
Provision coverage ratio	245.16%		201.40%		+43.76 percentage points
Provision coverage ratio for loans overdue for more than 90 days	312.76%		268.74%		+44.02 percentage points
Provision coverage ratio for loans overdue for more than 60 days	278.60%		219.78%		+58.82 percentage points
Provision to loan ratio	2.69%		2.37%		+0.32 percentage point

Note: (1) Deviation ratio of loans overdue for more than 90 days = Balance of loans overdue for more than 90 days/Balance of non-performing loans.

(2) Deviation ratio of loans overdue for more than 60 days = Balance of loans overdue for more than 60 days/Balance of non-performing loans.

2.5.2 Structural distribution and quality of loans and advances to customers as per products

(In RMB million)

Item	31 March 2021		31 December 2020		Increase/decrease in NPL ratio
	Balance	NPL ratio	Balance	NPL ratio	
Corporate loans	1,108,599	1.03%	1,061,357	1.24%	-0.21 percentage point
Including: General corporate loans	998,830	1.14%	948,724	1.39%	-0.25 percentage point
Discounted bills	109,769	-	112,633	-	-
Personal loans	1,669,911	1.14%	1,604,940	1.13%	+0.01 percentage point
Including: Personal residential mortgage loans and title deed-secured loans (Note 1)	570,239	0.33%	528,384	0.31%	+0.02 percentage point
Xinyidai	149,442	1.08%	146,293	1.13%	-0.05 percentage point
Auto finance loans	263,092	0.89%	246,416	0.70%	+0.19 percentage point
Credit card receivables	520,526	2.09%	529,251	2.16%	-0.07 percentage point
Others (Note 2)	166,612	1.43%	154,596	1.16%	+0.27 percentage point
Total principals of loans and advances to customers	2,778,510	1.10%	2,666,297	1.18%	-0.08 percentage point

Note: (1) “Personal residential mortgage loans and title deed-secured loans” included the balance of “property mortgage” of RMB249,512 million at the end of March 2021 (RMB239,467 million at the end of 2020).

(2) “Others” included personal operating loans, small consumer loans and other guaranteed or pledged loans.

1. Corporate NPL ratio decreased by 0.21 percentage point from the end of the last year. The Bank kept refining the corporate business, continued to improve the enterprise credit structure, enhanced the asset quality management and control mechanism, and used technology in risk management and control in order to comprehensively strengthen asset quality of corporate business. The details are as follows:

(1) In terms of policies and rules, the Bank horizontally expanded the scope of industries with large volume and controllable risks that were eligible for moderate supports and national policy supports, vertically filled in the support gaps in the industry chain, by developing policies for 16 industry segments to further give full play to policies’ guidance role. The Bank also strengthened industry research, made targeted improvement of access standards by benchmarking peers’ strategies and identifying potential customer groups, and actively opened up business space.

(2) In terms of management system, the Bank deepened the assessment and evaluation of institutions, further strengthened institutions’ awareness of risk management, and enhanced risk management capabilities; reshaped the post-lending monitoring and management mechanism, unclogged and simplified processes, and highlighted substantive risk management and control; and strengthened early risk management and control by developing a specific solution for each stressed borrower.

(3) In terms of system construction, the Bank promoted the platform construction of intelligent corporate risk control, and continued to iteratively establish intelligent corporate risk control scenario functions such as intelligent approval, intelligent lending and intelligent warning, empowering risk control with technology

application.

2. The asset quality of personal loans remained steady in general, and the NPL ratio was roughly remained at the same level with that at the end of last year, decreasing by 0.42 percentage point as compared with the peak of last year's pandemic period (at the end of June). The details are as follows:

(1) For personal residential mortgage loans and title deed-secured loans, the Bank continuously optimised the risk control strategy from multiple dimensions such as customer tiers and product specifications and executed differentiated risk management and control measures to further optimise the customer structure. Meanwhile, the Bank intensified efforts in collection and recovery and adopted diversified collection strategies to ensure asset quality was stable.

(2) The use of big data and digital operation enabled the Bank to continuously optimise the customer structure for "Xinyidai". Based on external conditions and internal asset quality monitoring, the Bank dynamically adjusted risk policies with the scoring card technology and multi-dimensional risk monitoring system. The Bank continuously upgraded and improved means of risk screening as well as efforts in risk control and prevention, strictly controlled the entry of common debt and high-risk customers. Meanwhile, the Bank increased investment in collection and recovery resources and intensified efforts in collection and recovery by taking multiple measures to ensure asset quality was steady and controllable.

(3) For auto finance loans, the Bank kept implementing whole-process risk management concept, and made full use of stock data and effectively managed and controlled the entry of high-risk customers by applying new technology. Meanwhile, the Bank accelerated cooperation on external data, applied big data to upgrade and optimise strategy models, and further improved the identification capacity of risk models to ensure accurate and efficient customer entry. For collection, the Bank strictly implemented national laws and related regulatory requirements, carrying out collection and recovery from overdue customers in accordance with regulations and laws, and implemented phased, differentiated and diversified management and control strategies. The Bank ensured stable asset quality through rational allocation of resources and implementation of diversified management means for non-performing assets.

(4) The Bank continued to implement whole-process risk management concept for credit card business and made full use of advanced quantitative tools to effectively manage and control risks. On the one hand, the Bank actively introduced external data and used big data technology to further improve the risk identification capacity of risk models, and make more accurate judgments on customer qualifications so that the quality of customers acquired was guaranteed, and the quality of credit card portfolios was continuously improved. On the other hand, the Bank continuously upgraded FinTech technology and enriched collection methods to comprehensively enhance overdue risk management and control. By continuously expanding AI corpus and the application scope, the Bank improved the quality of quasi-overdue assets. And it combined innovated and diversified judicial collection methods to expand collection methods. For business management, the Bank refined the implementation plan for recovery and disposal of non-performing assets at the right time and deployed different collection strategies based on internal and external regulatory requirements and market demand. With the combination of management means, the Bank ensured stable asset quality.

(5) Other types of personal loans of the Bank mainly included operating loans issued to small enterprise customers and personal consumer loans with small amounts. In order to support the operation of inclusive business, the Bank actively developed and improved the digital finance products for small businesses, applied big data from authorities of taxation, business, and justice to optimise the risk control models and constantly improved risk control, access standard and post-lending alert ability. Meanwhile, the Bank actively expanded the new supply chain business around core enterprises, made a comprehensive and objective assessment on the operations of borrowers on the basis of understanding true data operations between core enterprises and their upstream and downstream customers, and continued to improve business processes to provide the upstream and downstream customers of core enterprises with efficient and convenient supply chain financing services.

2.5.3 Overdue loans

(In RMB million)

Item	31 March 2021		31 December 2020	
	Balance	% of total loans	Balance	% of total loans
Loans with principal and interest overdue for no more than 90 days	15,879	0.57%	14,340	0.54%
Loans with principal and interest overdue for more than 90 days	23,925	0.86%	23,524	0.88%

At the end of March 2021, the Bank's balance of loans overdue for no more than 90 days (including loans with principal paid and interest overdue for no more than 90 days) amounted to RMB15,879 million, accounting for 0.57% of total principal of loans and advances to customers, with an increase of 0.03 percentage point over the end of last year; the balance of loans overdue for more than 90 days (including loans with principal paid and interest overdue for more than 90 days) amounted to RMB23,925 million, accounting for 0.86% of total principal of loans and advances to customers, with a decrease of 0.02 percentage point over the end of last year; the balance of loans overdue for more than 60 days (including loans with principal paid and interest overdue for more than 60 days) amounted to RMB26,859 million, accounting for 0.97% of total principal of loans and advances to customers, with a decrease of 0.11 percentage point over the end of last year. The Bank took multiple targeted actions and developed recovery and restructuring conversion plans by types according to different customers for overdue loans. The Bank actively communicated with each related party to manage and dissolve risks. Currently, overall risks were controllable.

2.6 Capital adequacy ratio, leverage ratio and liquidity coverage ratio

2.6.1 Capital adequacy ratio

(In RMB million)

Item	31 March 2021		31 December 2020	
	The Group	The Bank	The Group	The Bank
Net core tier 1 capital	283,041	276,860	273,791	268,100
Other tier 1 capital	69,944	69,944	69,944	69,944
Net tier 1 capital	352,985	346,804	343,735	338,044
Tier 2 capital	77,765	77,739	75,032	75,032
Net capital	430,750	424,543	418,767	413,076
Total risk-weighted assets	3,264,091	3,261,768	3,151,764	3,150,828
Credit risk-weighted assets	2,929,493	2,927,406	2,808,573	2,807,985
On-balance-sheet risk-weighted assets	2,547,378	2,545,291	2,444,338	2,443,750
Off-balance-sheet risk-weighted assets	365,415	365,415	348,043	348,043
Risk-weighted assets of counterparty credit risk exposure	16,700	16,700	16,192	16,192
Market risk-weighted assets	80,298	80,298	88,891	88,779
Operational risk-weighted assets	254,300	254,064	254,300	254,064
Core tier 1 capital adequacy ratio	8.67%	8.49%	8.69%	8.51%
Tier 1 capital adequacy ratio	10.81%	10.63%	10.91%	10.73%
Capital adequacy ratio	13.20%	13.02%	13.29%	13.11%

2.6.2 Leverage ratio

(In RMB million)

Item	31 March 2021	31 December 2020	30 September 2020	30 June 2020
Leverage ratio	6.56%	6.48%	6.59%	6.57%
Net tier 1 capital	352,985	343,735	335,602	328,049
Balance of on-and off-balance sheet assets after adjustment	5,383,827	5,301,708	5,096,164	4,993,293

Note: The above data are the standards of the Group. At the end of the reporting period of the 2021 First Quarterly Report, the increase in leverage ratio of the Group from the end of 2020 was mainly due to the increase in the net tier 1 capital.

2.6.3 Liquidity coverage ratio

(In RMB million)

Item	31 March 2021	31 December 2020
Liquidity coverage ratio	109.50%	127.68%
Qualified current assets	512,725	512,772
Net cash outflow	468,259	401,618

Note: The above data are the standards of the Group. The Group discloses information on liquidity coverage ratio in accordance with the *Measures for the Disclosure of Information on Liquidity Coverage Ratio of Commercial Banks* issued by China Banking and Insurance Regulatory Commission (“CBIRC”).

Section III Significant Matters

3.1 Major financial results and indicators with a change of over 30% during the reporting period and the reasons

√ Applicable □ Not applicable

(In RMB million)

Item	Amount for the period	Amount of change	Rate of change	Analysis on reasons of change
Other equity investments	2,234	585	35.5%	Increase in foreclosed equity interest
Intangible assets	6,328	2,476	64.3%	Increase in land use rights
Other assets	29,872	9,292	45.2%	Increase in receivable liquidation proceeds.
Placements from banks and other financial institutions	24,239	(16,795)	(40.9%)	Decrease in placements from domestic and overseas banks and financial institutions.
Financial liabilities held for trading	50,990	19,485	61.8%	Increase in financial liabilities held for trading due to increase in the scale of the short sales through bond borrowing and lending facilities and increase in payables of tradable gold lease
Financial assets sold under repurchase agreements	17,484	(17,802)	(50.5%)	Decrease in scale of bonds and bills sold under repurchase agreements
Provisions	1,309	351	36.6%	Provision for expected credit losses of financial guarantee contracts
Deferred income tax liabilities	1	(1)	(50.0%)	Small base amount of RMB2 million for the end of last year
Other comprehensive income	845	383	82.9%	Increase in fair value changes in other debt investments
Gains and losses on changes in fair value	176	1,125	Negative amount for the same period of last year	Increase in fair value changes in financial assets held for trading
Gains or losses on disposal of assets	20	(16)	(44.4%)	Small base amount of RMB36 million for the same period of last year
Other income	61	17	38.6%	Small base amount of RMB44 million for the same period of last year
Impairment losses on other assets	2	(413)	(99.5%)	Decrease in accrual for impairment losses on foreclosed assets

3.2 Total Number of Shareholders and the Shareholdings of the Top 10 Shareholders as at the End of the Reporting Period

3.2.1 The total number of ordinary shareholders and preference shareholders with recovered voting rights, and the shareholdings of the top 10 shareholders

(Unit: Share)

Total number of ordinary shareholders as at the end of the reporting period		331,829	Total number of preference shareholders with restored voting rights as at the end of the reporting period (if any)	-		
Shareholdings of the top 10 ordinary shareholders						
Name of shareholder	Nature of shareholder	Shareholding (%)	Number of shares held at the end of the reporting period	Number of restricted shares held	Pledged or frozen	
					Status of shares	Number of shares
Ping An Insurance (Group) Company of China, Ltd.-the Group -proprietary fund	Domestic legal entity	49.56	9,618,540,236	-	-	-
Hong Kong Securities Clearing Company Limited	Domestic legal entity	10.86	2,107,624,461	-	-	-
Ping An Life Insurance Company of China, Ltd. - proprietary fund	Domestic legal entity	6.11	1,186,100,488	-	-	-
Ping An Life Insurance Company of China, Ltd. - traditional - ordinary insurance products	Domestic legal entity	2.27	440,478,714	-	-	-
China Securities Finance Corporation Limited	Domestic legal entity	2.21	429,232,688	-	-	-
Bank of China Limited - E Fund blue-chip selected hybrid securities investment fund	Domestic legal entity	0.67	130,000,000	-	-	-
China Merchants Bank Co., Ltd. - Aegon-Industrial Herun hybrid securities investment fund	Domestic legal entity	0.35	68,772,106	-	-	-
China Electronics Shenzhen Company	Domestic legal entity	0.32	62,523,366	-	-	-
China Everbright Bank Company Limited - Aegon-Industrial business model selected hybrid securities investment fund (LOF)	Domestic legal entity	0.30	59,001,472	-	-	-
National Social Security Fund 117 Portfolio	Domestic legal entity	0.30	58,000,060	-	-	-
Shareholdings of the top 10 shareholders not subject to restrictions						
Name of shareholder	Number of unrestricted shares held	Type of shares				
		Type of shares	Number of shares			
Ping An Insurance (Group) Company of China, Ltd.-the Group -proprietary fund	9,618,540,236	RMB ordinary shares	9,618,540,236			
Hong Kong Securities Clearing Company Limited	2,107,624,461	RMB ordinary shares	2,107,624,461			
Ping An Life Insurance Company of China, Ltd. - proprietary fund	1,186,100,488	RMB ordinary shares	1,186,100,488			
Ping An Life Insurance Company of China, Ltd. - traditional - ordinary insurance products	440,478,714	RMB ordinary shares	440,478,714			
China Securities Finance Corporation Limited	429,232,688	RMB ordinary shares	429,232,688			
Bank of China Limited - E Fund blue-chip selected hybrid securities investment fund	130,000,000	RMB ordinary shares	130,000,000			
China Merchants Bank Co., Ltd. - Aegon-Industrial Herun hybrid securities investment fund	68,772,106	RMB ordinary shares	68,772,106			

PING AN BANK CO., LTD.
2021 FIRST QUARTERLY REPORT

China Electronics Shenzhen Company	62,523,366	RMB ordinary shares	62,523,366
China Everbright Bank Company Limited - Aegon-Industrial business model selected hybrid securities investment fund (LOF)	59,001,472	RMB ordinary shares	59,001,472
National Social Security Fund 117 Portfolio	58,000,060	RMB ordinary shares	58,000,060
Explanation of the connected relationship or acting-in-concert relationship among the above shareholders	Ping An Life Insurance Company of China, Ltd. is a majority-owned subsidiary of and acts in concert with Ping An Insurance (Group) Company of China, Ltd. "Ping An Insurance (Group) Company of China, Ltd. – the Group – proprietary fund", "Ping An Life Insurance Company of China, Ltd. – proprietary fund" and "Ping An Life Insurance Company of China, Ltd. - traditional – ordinary insurance product" are related parties. The Bank is not aware of any related-party relationship or parties acting in concert among other shareholders.		
Description of the top ten ordinary shareholders who engage in securities margin trading business (if any)	Not applicable		

Repurchase transactions by top 10 ordinary shareholders or top 10 ordinary shareholders of unrestricted shares during the reporting period

Yes No

3.2.2 Total number of preference shareholders, and the shareholdings of the top 10 preference shareholders

Applicable Not applicable

(Unit: Share)

Total number of preference shareholders as at the end of the reporting period	16					
Shareholdings of the top 10 preference shareholders						
Name of shareholder	Nature of shareholder	Shareholding (%)	Number of shares held	Number of selling-restricted shares held	Pledged or frozen	
					Status of shares	Number of shares
Ping An Life Insurance Company of China, Ltd. - dividend - dividends for individual insurance	Domestic legal entity	29.00	58,000,000	-	-	-
Ping An Life Insurance Company of China, Ltd. - universal - individual universal insurance	Domestic legal entity	19.34	38,670,000	-	-	-
Ping An Property & Casualty Insurance Company of China, Ltd. - traditional - ordinary insurance products	Domestic legal entity	9.67	19,330,000	-	-	-
China Post & Capital Fund - Hua Xia Bank - Hua Xia Bank Co., Ltd.	Domestic legal entity	8.95	17,905,000	-	-	-
Bank of Communications Schroder Asset Management - Bank of Communications - Bank of Communications Co., Ltd.	Domestic legal entity	5.00	10,005,000	-	-	-
Bank of China Limited Shanghai Branch	Domestic legal entity	4.47	8,930,000	-	-	-
BOCOM Schrodgers Asset Management - Bank of Communications - BOCOM Schrodgers Asset Management Zhuoyuan No.1. Asset Collection Management Plan	Domestic legal entity	3.95	7,900,000	-	-	-
CICC - Agricultural Bank - CICC Agricultural Bank No.10 Asset Collection Management Plan	Domestic legal entity	3.66	7,325,000	-	-	-
Postal Savings Bank of China Domestic Co., Ltd.	Domestic legal entity	2.98	5,950,000	-	-	-
China Resources Sztic Trust Co. Ltd – Investment No. 1 List – Capital Trust	Domestic legal entity	2.98	5,950,000	-	-	-

Explanation of the connected relationship or acting-in-concert relationship among the above shareholders	<p>1. Ping An Life Insurance Company of China, Ltd. and Ping An Property & Casualty Insurance Company of China, Ltd. are majority-owned subsidiaries of and acts in concert with the Ping An Insurance (Group) Company of China, Ltd. “Ping An Life Insurance Company of China, Ltd. – dividend – individual dividend”, “Ping An Life Insurance Company of China, Ltd. – universal – individual universal” and “Ping An Property & Casualty Insurance Company of China, Ltd. – traditional – ordinary insurance products” are related parties.</p> <p>2. The Bank is not aware of any related-party relationship or parties acting in concert among other shareholders.</p>
--	---

Note: (1) The preference shares issued by the Bank are all unrestricted with no restricted period imposed.

(2) The Bank had no preference shareholders with restored voting rights.

3.3 Description of significant events and their progress, impact and solutions

Applicable Not applicable

On 1 February 2021, with approvals from the CBIRC and the People’s Bank of China, the Bank successfully completed the issuance of special financial bonds for small and micro enterprise loans (hereinafter referred to as the “Bonds”), which amounted to RMB20,000 million, on the National Interbank Bond Market.

The total amount of the Bonds was RMB20,000 million, which were 3-year fixed-rate bonds with a coupon rate of 3.45%. The funds was raised specifically to issue loans to small and micro enterprises based on applicable laws and regulatory approvals, as additional credit support for small and micro enterprises, promoting the steady and healthy development of small and micro enterprises.

Description of major events	Date of disclosure	Index of website disclosing temporary reports
Issuance of special financial bonds for small and micro enterprise loans	4 February 2021	<i>China Securities Journal, Securities Times, Shanghai Securities News, Securities Daily</i> and CNINFO (http://www.cninfo.com.cn)

Progress for share repurchase

Applicable Not applicable

Progress for reducing repurchased shares by means of centralised bidding

Applicable Not applicable

3.4 Commitments that have not yet been fulfilled as at the end of the reporting period by parties including actual controllers, shareholders, related parties, purchasers and the Bank

Applicable Not applicable

There were no commitments that had not yet been fulfilled when due as at the end of the reporting period by the Bank’s actual controllers, shareholders, related parties, purchasers and the Bank.

3.5 Financial investments

3.5.1 Securities investments

At the end of the reporting period, the carrying amount of financial bonds (policy bank bonds, various general financial bonds, subordinated financial bonds, excluding enterprise bonds) held by the Group was RMB198,141 million, among which ten financial bonds with the highest book value are detailed as follows:

(In RMB million)

Name of Bonds	Par value	Annual coupon rate (%)	Maturity date	Impairment provision
2020 Policy Bank Bonds	4,930	3.06	05/08/2023	-
2020 Policy Bank Bonds	3,680	3.70	20/10/2030	-
2019 Commercial Bank Financial Bonds	3,000	3.50	27/03/2022	31.68
2020 Commercial Bank Financial Bonds	3,000	3.80	09/06/2021	24.69
2021 Commercial Bank Financial Bonds	3,000	3.48	25/03/2024	31.68
2019 Policy Bank Bonds	2,993	3.30	01/02/2024	-
2016 Policy Bank Bonds	2,760	3.05	25/08/2026	-
2020 Policy Bank Bonds	2,540	3.34	04/09/2023	-
2018 Policy Bank Bonds	2,484	3.76	14/08/2023	-
2019 Policy Bank Bonds	2,470	3.12	17/07/2022	-

3.5.2 Derivative investments

(In RMB million)

Contract type	Beginning contract amount (Nominal amount)	Ending contract amount (Nominal amount)	Changes in fair value during the reporting period
Foreign exchange derivatives	1,275,175	1,592,743	157
Interest rate derivatives	6,693,080	6,618,070	357
Precious metals derivatives	99,743	117,997	2,581
Total	8,067,998	8,328,810	3,095

Note: The Group carried out capital transactions and investments covering derivatives within the overall limit framework of risk preference and market risk established by the Board. The nominal amount of derivative financial instruments only demonstrated the trading volume, but did not reflect the actual risk exposure. The Group mainly adopted hedging strategy to the foreign exchange and interest rate derivative business, so there was little actual risk exposure of foreign exchange rate and interest rate.

3.6 Progress for projects invested with raised funds

Applicable Not applicable

3.7 Forecast of operational performance from January to June 2021

Warnings on any potential loss in accumulated net profit from the beginning of the year to the end of the next reporting period or any material change as compared with that in the same period of last year and the reasons

Applicable Not applicable

3.8 Material contracts for daily operation

Applicable Not applicable

3.9 Entrusted funding and entrusted investments

Applicable Not applicable

During the reporting period, the Bank had no entrusted funding and entrusted investments items out of the scope of normal businesses.

3.10 Non-compliant external guarantees

Applicable Not applicable

During the reporting period, the Bank had no non-compliant external guarantees.

3.11 Occupation of funds of the listed company for non-operating purposes by controlling shareholders and their related parties

Applicable Not applicable

During the reporting period, the Bank had no situation where the controlling shareholders and other related parties occupy the funds of the Bank.

3.12 Particulars about reception of researches, communications and interviews during the reporting period

Date	Location	Mode	Type of visiting party	Visiting party	Discussions and materials	Reference
02/02/2021	Shenzhen	Onsite visit	Institution(s)	Domestic and overseas investor(s)	The Bank's operation and management status and development strategies, periodic reports and temporary announcements and related explanations	CNINFO (http://www.cninfo.com.cn) <i>Record Chart of Investor Relationship Activities of Ping An Bank Co., Ltd.</i>
02/23/2021	Shenzhen	Teleconference	Institution(s)	Domestic investor(s)		
03/04/2021	Shenzhen	Teleconference	Institution(s)	Domestic investor(s)		
03/18/2021	Hangzhou	Onsite visit	Institution(s)	Domestic and overseas investor(s)		

Section IV Financial Statements

4.1 Financial statements

1. Consolidated and company balance sheets (unaudited)
2. Consolidated and company income statements (unaudited)
3. Consolidated and company statements of cash flow (unaudited)

PING AN BANK CO., LTD.
CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2021

	(In RMB million)	
ASSETS	31 March 2021	31 December 2020
Cash and balances with the Central Bank	312,903	283,982
Deposits with banks and other financial institutions	93,802	106,174
Precious metals	24,658	31,340
Placements with and loans to banks and other financial institutions	78,386	70,996
Derivative financial assets	32,910	36,607
Financial assets held under resale agreements	80,024	95,314
Loans and advances to customers	2,711,981	2,610,841
Financial investments:		
Financial assets held for trading	290,115	311,270
Investment on debts	657,588	633,619
Other investment on debts	188,314	197,073
Other equity investments	2,234	1,649
Investment properties	522	573
Property and equipment	11,828	10,893
Right-of-use assets	6,734	7,149
Intangible assets	6,328	3,852
Goodwill	7,568	7,568
Deferred income tax assets	37,207	39,034
Other assets	29,872	20,580
TOTAL ASSETS	4,572,974	4,468,514
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Borrowings from the Central Bank	124,245	124,587
Deposits from banks and other financial institutions	478,467	469,551
Placements from banks and other financial institutions	24,239	41,034
Financial liabilities held for trading	50,990	31,505
Derivative financial liabilities	35,514	41,485
Financial assets sold under repurchase agreements	17,484	35,286
Due to customers	2,764,635	2,695,935
Employee benefits payable	14,231	16,959
Taxes payable	12,750	11,444
Debt securities issued	648,738	611,865
Lease liabilities	6,978	7,346
Provisions	1,309	958
Deferred income tax liabilities	1	2
Other liabilities	20,776	16,426
Total liabilities	4,200,357	4,104,383
Shareholders' equity		
Share capital	19,406	19,406
Other equity instruments	69,944	69,944
Including: Preference shares	19,953	19,953
Perpetual bonds	49,991	49,991
Capital reserve	80,816	80,816
Other comprehensive income	845	462
Surplus reserve	10,781	10,781
General reserve	51,538	51,536
Retained earnings	139,287	131,186
Total shareholders' equity	372,617	364,131
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	4,572,974	4,468,514

Legal representative _____	President _____	Vice President and CFO _____	Head of finance department _____
Xie Yonglin	Hu Yuefei	Xiang Youzhi	Zhu Peiqing

PING AN BANK CO., LTD.
BALANCE SHEET
AS AT 31 MARCH 2021

	(In RMB million)	
ASSETS	31 March 2021	31 December 2020
Cash and balances with the Central Bank	312,903	283,982
Deposits with banks and other financial institutions	93,430	106,060
Precious metals	24,658	31,340
Placements with and loans to banks and other financial institutions	78,386	70,996
Derivative financial assets	32,910	36,607
Financial assets held under resale agreements	79,473	94,749
Loans and advances to customers	2,711,981	2,610,841
Financial investments:		
Financial assets held for trading	288,160	308,700
Investment on debts	657,588	633,619
Other investment on debts	186,245	195,661
Other equity investments	2,234	1,649
Long-term equity investments	5,000	5,000
Investment properties	522	573
Property and equipment	11,814	10,893
Right-of-use assets	6,688	7,097
Intangible assets	6,328	3,852
Goodwill	7,568	7,568
Deferred income tax assets	37,207	39,034
Other assets	29,832	20,558
TOTAL ASSETS	4,572,927	4,468,779
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Borrowings from the Central Bank	124,245	124,587
Deposits from banks and other financial institutions	478,720	469,901
Placements from banks and other financial institutions	24,239	41,034
Financial liabilities held for trading	50,990	31,505
Derivative financial liabilities	35,514	41,485
Financial assets sold under repurchase agreements	17,484	35,286
Due to customers	2,764,637	2,695,937
Employee benefits payable	14,120	16,846
Taxes payable	12,601	11,376
Debt securities issued	648,738	611,865
Lease liabilities	6,934	7,296
Provisions	1,309	958
Other liabilities	21,398	16,743
Total liabilities	4,200,929	4,104,819
Shareholders' equity		
Share capital	19,406	19,406
Other equity instrument	69,944	69,944
Including: Preference shares	19,953	19,953
Perpetual bonds	49,991	49,991
Capital reserve	80,816	80,816
Other comprehensive income	843	456
Surplus reserve	10,781	10,781
General reserve	51,534	51,534
Retained earnings	138,674	131,023
Total shareholders' equity	371,998	363,960
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	4,572,927	4,468,779

Legal representative _____	President _____	Vice President and CFO _____	Head of finance department _____
Xie Yonglin	Hu Yuefei	Xiang Youzhi	Zhu Peiqing

PING AN BANK CO., LTD.
CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD FROM JANUARY TO MARCH 2021

Item	(In RMB million)	
	FOR THE PERIOD FROM JANUARY TO MARCH 2021	FOR THE PERIOD FROM JANUARY TO MARCH 2020
I. Operating income	41,788	37,926
Net interest income	29,766	27,431
Interest income	52,074	50,538
Interest expenses	22,308	23,107
Net fee and commission income	8,481	7,027
Fee and commission income	10,733	8,920
Fee and commission expenses	2,252	1,893
Investment income	2,757	3,802
Including: Gains from derecognition of financial assets measured at amortised cost	84	259
Gains and losses on changes in fair value	176	(949)
Exchange gains or losses	503	510
Revenue from other operations	24	25
Gains or losses on disposal of assets	20	36
Other income	61	44
II. Operating expenses	12,162	11,000
Taxes and surcharges	412	402
Business and administrative expenses	11,750	10,598
III. Operating profit before impairment losses on assets	29,626	26,926
Impairment losses on credit	16,695	15,513
Impairment losses on other assets	2	415
IV. Operating profit	12,929	10,998
Add: Non-operating income	19	18
Less: Non-operating expenses	74	58
V. Profit before tax	12,874	10,958
Less: Income tax expenses	2,742	2,410
VI. Net profit	10,132	8,548
Net profit from continuing operations	10,132	8,548
Net profit from discontinued operations	-	-
VII. Other comprehensive income, net of tax	383	1,702
(I) Not to be reclassified into profit or loss in subsequent periods	4	(2)
Changes in fair value of other equity investments	4	(2)
(II) To be reclassified into profit or loss in subsequent periods	379	1,704
1. Changes in fair value of financial assets designated at fair value and changes included into other comprehensive income	35	1,432
2. Provision for credit losses on financial assets designated at fair value and changes included into other comprehensive income	396	355
3. Cash flow hedging reserve	(53)	(82)
4. Exchange differences on translation of foreign currency financial statements	1	(1)
VIII. Total comprehensive income	10,515	10,250
IX. Earnings per share		
(I) Basic earnings per share (EPS) (RMB/share)	0.42	0.40
(II) Diluted earnings per share (EPS) (RMB/share)	0.42	0.40

Legal representative	President	Vice President and CFO	Head of finance department
Xie Yonglin	Hu Yuefei	Xiang Youzhi	Zhu Peiqing

PING AN BANK CO., LTD.
INCOME STATEMENT
FOR THE PERIOD FROM JANUARY TO MARCH 2021

Item	(In RMB million)	
	FOR THE PERIOD FROM JANUARY TO MARCH 2021	FOR THE PERIOD FROM JANUARY TO MARCH 2020
I. Operating income	41,124	37,926
Net interest income	29,751	27,431
Interest income	52,061	50,538
Interest expenses	22,310	23,107
Net fee and commission income	7,854	7,027
Fee and commission income	10,705	8,920
Fee and commission expenses	2,851	1,893
Investment income	2,734	3,802
Including: Gains from derecognition of financial assets measured at amortised cost	84	259
Gains and losses on changes in fair value	177	(949)
Exchange gains or losses	503	510
Revenue from other operations	24	25
Gains or losses on disposal of assets	20	36
Other income	61	44
II. Operating expenses	12,060	11,000
Taxes and surcharges	408	402
Business and administrative expenses	11,652	10,598
III. Operating profit before impairment losses on assets	29,064	26,926
Impairment losses on credit	16,694	15,513
Impairment losses on other assets	2	415
IV. Operating profit	12,368	10,998
Add: Non-operating income	19	18
Less: Non-operating expenses	74	58
V. Profit before tax	12,313	10,958
Less: Income tax expenses	2,633	2,410
VI. Net profit	9,680	8,548
Net profit from continuing operations	9,680	8,548
Net profit from discontinued operations	-	-
VII. Other comprehensive income, net of tax	387	1,702
(I) Not to be reclassified into profit or loss in subsequent periods	4	(2)
Changes in fair value of other equity investments	4	(2)
(II) To be reclassified into profit or loss in subsequent periods	383	1,704
1. Changes in fair value of financial assets designated at fair value and changes included into other comprehensive income	39	1,432
2. Provision for credit losses on financial assets designated at fair value and changes included into other comprehensive income	396	355
3. Cash flow hedging reserve	(53)	(82)
4. Exchange differences on translation of foreign currency financial statements	1	(1)
VIII. Total comprehensive income	10,067	10,250

Legal representative	_____ Xie Yonglin	President	_____ Hu Yuefei	Vice President and CFO	_____ Xiang Youzhi	Head of finance department	_____ Zhu Peiqing
-------------------------	----------------------	-----------	--------------------	---------------------------	-----------------------	-------------------------------	----------------------

PING AN BANK CO., LTD.
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD FROM JANUARY TO MARCH 2021

Item	(In RMB million)	
	FOR THE PERIOD FROM JANUARY TO MARCH 2021	FOR THE PERIOD FROM JANUARY TO MARCH 2020
I. Cash flows from operating activities		
Net decrease in amounts due from the Central Bank and deposits with banks and other financial institutions	-	6,221
Net increase in borrowings from the Central Bank	-	9,131
Net increase in customer deposits and deposits from banks and other financial institutions	75,498	138,870
Net decrease in placements with and loans to banks and other financial institutions	7,009	10,585
Net decrease in financial assets held under resale agreements	10	56
Net decrease in financial assets held for trading	27,243	-
Cash received from interest and fee and commission income	57,614	50,778
Cash received relating to other operating activities	33,618	49,302
Sub-total of cash inflows	200,992	264,943
Net increase in amounts due from the Central Bank and deposits with banks and other financial institutions	15,104	-
Net decrease in borrowings from the Central Bank	120	-
Net increase in loans and advances to customers	121,222	129,873
Net decrease in placements from banks and other financial institutions	16,777	2,899
Net increase in financial assets held for trading	-	61,996
Net decrease in financial assets sold under repurchase agreements	17,825	14,821
Cash payments for interest and fee and commission expenses	17,478	19,922
Cash paid to and on behalf of employees	8,617	7,415
Cash payments for taxes and surcharges	2,705	2,214
Cash paid relating to other operating activities	12,697	7,797
Sub-total of cash outflows	212,545	246,937
Net cash flows (used in)/ from operating activities	(11,553)	18,006
II. Cash flows from investing activities		
Cash received from investments upon disposal/maturity	89,125	176,130
Cash received from returns on investments	7,807	9,177
Cash received from disposal of property and equipment and other long-term assets	15	404
Sub-total of cash inflows	96,947	185,711
Cash payments for investments	106,909	187,540
Cash paid to acquire property and equipment, intangible assets and other long-term assets	3,550	551
Sub-total of cash outflows	110,459	188,091
Net cash flows used in investing activities	(13,512)	(2,380)
III. Cash flows from financing activities		
Cash received from debt securities issued	257,625	196,571
Sub-total of cash inflows	257,625	196,571
Cash payments for principal of debt securities	225,268	212,630
Cash payments for interest of debt securities	83	-
Cash payments for dividend and profit appropriation	2,029	874
Cash payments for lease liabilities	661	506
Cash payments for other financing activities	95	17
Sub-total of cash outflows	228,136	214,027
Net cash flows from/ (used in) financing activities	29,489	(17,456)
IV. Effect of foreign exchange rate changes on cash and cash equivalents	17	612
V. Net (decrease)/increase in cash and cash equivalents	4,441	(1,218)
Add: Cash and cash equivalents at the beginning of the year	278,950	179,058

PING AN BANK CO., LTD.
2021 FIRST QUARTERLY REPORT

VI. Cash and cash equivalents at the end of the period	283,391	177,840
---	----------------	----------------

Legal representative	_____ Xie Yonglin	President	_____ Hu Yuefei	Vice President and CFO	_____ Xiang Youzhi	Head of finance department	_____ Zhu Peiqing
-------------------------	----------------------	-----------	--------------------	---------------------------	-----------------------	-------------------------------	----------------------

PING AN BANK CO., LTD.
STATEMENT OF CASH FLOW
FOR THE PERIOD FROM JANUARY TO MARCH 2021

Item	(In RMB million)	
	FOR THE PERIOD FROM JANUARY TO MARCH 2021	FOR THE PERIOD FROM JANUARY TO MARCH 2020
I. Cash flows from operating activities		
Net decrease in amounts due from the Central Bank and deposits with banks and other financial institutions	-	6,221
Net increase in borrowings from the Central Bank	-	9,131
Net increase in customer deposits and deposits from banks and other financial institutions	75,400	138,870
Net decrease in placements with and loans to banks and other financial institutions	7,009	10,585
Net decrease in financial assets held under resale agreements	10	56
Net decrease in financial assets held for trading	26,700	-
Cash received from interest and fee and commission income	57,596	50,778
Cash received relating to other operating activities	33,619	49,302
Sub-total of cash inflows	200,334	264,943
Net increase in amounts due from the Central Bank and deposits with banks and other financial institutions	15,103	-
Net decrease in borrowings from the Central Bank	120	-
Net increase in loans and advances to customers	121,222	129,873
Net decrease in placements from banks and other financial institutions	16,777	2,899
Net increase in financial assets held for trading	-	61,996
Net decrease in financial assets sold under repurchase agreements	17,825	14,821
Cash payments for interest and fee and commission expenses	17,823	19,922
Cash paid to and on behalf of employees	8,535	7,415
Cash payments for taxes and surcharges	2,637	2,214
Cash paid relating to other operating activities	12,672	7,797
Sub-total of cash outflows	212,714	246,937
Net cash flows (used in)/ from operating activities	(12,380)	18,006
II. Cash flows from investing activities		
Cash received from investments upon disposal/maturity	89,125	176,130
Cash received from returns on investments	7,800	9,177
Cash received from disposal of property and equipment and other long-term assets	15	404
Sub-total of cash inflows	96,940	185,711
Cash payments for investments	106,256	187,540
Cash paid to acquire property and equipment, intangible assets and other long-term assets	3,532	551
Sub-total of cash outflows	109,788	188,091
Net cash flows used in investing activities	(12,848)	(2,380)
III. Cash flows from financing activities		
Cash received from debt securities issued	257,625	196,571
Sub-total of cash inflows	257,625	196,571
Cash payments for principal of debt securities	225,268	212,630
Cash payments for interest of debt securities	83	-
Cash payments for dividend and profit appropriation	2,029	874
Cash payments for lease liabilities	654	506
Cash payments for other financing activities	95	17
Sub-total of cash outflows	228,129	214,027
Net cash flows from/ (used in) financing activities	29,496	(17,456)
IV. Effect of foreign exchange rate changes on cash and cash equivalents	17	612
V. Net (decrease)/increase in cash and cash equivalents	4,285	(1,218)
Add: Cash and cash equivalents at the beginning of the year	278,184	179,058

PING AN BANK CO., LTD.
2021 FIRST QUARTERLY REPORT

VI. Cash and cash equivalents at the end of the period	282,469	177,840
---	----------------	----------------

Legal representative _____	President _____	Vice President and CFO _____	Head of finance department _____
Xie Yonglin	Hu Yuefei	Xiang Youzhi	Zhu Peiqing

4.2 Auditor's Report

Whether the First Quarterly Reports have been audited.

Yes No

The first quarterly consolidated and company reports have not been audited.

Board of Directors of Ping An Bank Co., Ltd.

21 April 2021