

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 2023 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
Company Secretary

Shenzhen, the PRC, April 24, 2023

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, He Jianfeng and Cai Xun; the independent non-executive directors of the Company are Ouyang Hui, Ng Sing Yip, Chu Yiyun, Liu Hong, Ng Kong Ping Albert and Jin Li.

**THE ANNOUNCEMENT OF
PING AN INSURANCE (GROUP) COMPANY OF CHINA, LTD.
IN RELATION TO
THE DISCLOSURE OF 2023 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 "2023 First Quarterly Report of Ping An Bank" on the website of the Shenzhen Stock Exchange (www.szse.cn).

Please also refer to the "2023 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 2023.

The Board of Directors
Ping An Insurance (Group) Company of China, Ltd.
April 24, 2023

Ping An Bank Co., Ltd.

2023 First Quarterly Report

25 April 2023

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

The Ping An Bank Co., Ltd. and all members of the board of directors guarantee the authenticity, accuracy and completeness of the information disclosed, in which there are no false representations, misleading statements or material omissions.

Notes for Important Content

1. The board of directors (hereinafter referred to as the “Board”), the supervisory committee, the directors, the supervisors and senior management of the Ping An Bank Co., Ltd. (hereinafter referred to as the “Bank”) guarantee the authenticity, accuracy and completeness of this Quarterly Report, in which there are no false representations, misleading statements or material omissions, and are severally and jointly liable for its contents.

2. Xie Yonglin (the Bank’s Chairman), Hu Yuefei (the President), Xiang Youzhi (the Vice President and the Chief Financial Officer) and Zhu Peiqing (the Head of the Accounting Department) declare that they will guarantee the authenticity, accuracy and completeness of the financial information included in this Quarterly Report.

3. Whether the First Quarterly Reports have been audited.

Yes No

This quarterly consolidated and company financial statements were not audited.

4. Matters on which the auditor gives non-standard audit opinions.

Applicable Not applicable

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 I Key Financial Data

1.1 Key accounting data and financial indicators

Whether the Bank needs to adjust or restate retrospectively the accounting data for previous years

Yes No

(In RMB million)

Item	31 March 2023	31 December 2022	Change at the end of the reporting period from the end of last year
Total assets	5,455,897	5,321,514	2.5%
Shareholders' equity	446,745	434,680	2.8%
Shareholders' equity attributable to ordinary shareholders of the Bank	376,801	364,736	3.3%
Share capital	19,406	19,406	-
Net asset per share attributable to ordinary shareholders of the Bank (RMB/share)	19.42	18.80	3.3%

Item	January to March 2023	January to March 2022	Year-on-year increase/decrease
Operating income	45,098	46,207	(2.4%)
Net profit attributable to shareholders of the Bank	14,602	12,850	13.6%
Net profit attributable to shareholders of the Bank less non- recurring gains/losses	14,469	12,873	12.4%
Net cash flows from operating activities	109,156	147,127	(25.8%)
Net cash flows from operating activities per share (RMB/share)	5.62	7.58	(25.9%)
Basic/Diluted earnings per share (EPS) (RMB/share)	0.65	0.56	16.1%
Basic/Diluted EPS less non-recurring gains/losses (RMB/share)	0.64	0.56	14.3%
Average return on total assets (un-annualized)	0.27%	0.26%	+0.01 percentage point
Average return on total assets (annualized)	1.08%	1.02%	+0.06 percentage point
Weighted average return on net assets (un-annualized)	3.39%	3.27%	+0.12 percentage point
Weighted average return on net assets (annualized)	14.38%	14.10%	+0.28 percentage point
Weighted average return on net assets less non-recurring gains/losses (un-annualized)	3.36%	3.28%	+0.08 percentage point
Weighted average return on net assets less non-recurring gains/losses (annualized)	14.26%	14.12%	+0.14 percentage point

Note: The return on net assets and EPS indicators are calculated in accordance with the *Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No. 9 - Computation and Disclosure of Return on Net Assets and*

Earnings per Share (2010 Revision) (《公開發行證券的公司信息披露編報規則第 9 號 - 淨資產收益率和每股收益的計算及披露》(2010 年修訂)) and *Accounting Standards for Business Enterprises No. 34 - Earnings per Share* (《企業會計準則第 34 號 - 每股收益》). The Bank issued non-cumulative preference shares of RMB20 billion in private placement on 7 March 2016 and non-fixed term capital bonds (“Perpetual Bond”) of RMB30 billion in February 2020, which are all classified as other equity instruments. In the calculation of the “weighted average return on net assets” and “EPS”, the paid dividends on preference shares of RMB874 million and the interests on perpetual bonds of RMB1,155 million has been deducted from the “Net profit attributable to shareholders of the Bank”.

(In RMB million)

Item	31 March 2023	31 December 2022	31 December 2021	Change at the end of the reporting period from the end of last year
Deposit principals from customers	3,469,238	3,312,684	2,961,819	4.7%
Including: Corporate deposits	2,342,624	2,277,714	2,191,454	2.8%
Personal deposits	1,126,614	1,034,970	770,365	8.9%
Total principal of loans and advances to customers	3,439,484	3,329,161	3,063,448	3.3%
Including: Corporate loans	1,381,379	1,281,771	1,153,127	7.8%
General corporate loans	1,164,244	1,084,224	998,474	7.4%
Discounted bills	217,135	197,547	154,653	9.9%
Personal loans	2,058,105	2,047,390	1,910,321	0.5%

Note: Pursuant to the *Circular on Revising and Issuing 2018 Versions of Financial Statement Templates for Financial Enterprises* (Cai Kuai [2018] No. 36) (《關於修訂印發 2018 年度金融企業財務報表格式的通知》(財會〔2018〕36 號)) issued by the Ministry of Finance, interests accrued using the effective interest method are included in the carrying amount of financial instruments, and interests not received or paid as at the balance sheet date are presented in “Other assets” or “Other liabilities”. Unless otherwise stated, “Loans and advances to customers”, “Deposits from customers” and their breakdowns mentioned in this report are all amounts net of interests.

Total share capital of the Bank as at the trading day prior to disclosure and fully diluted EPS calculated based on the latest share capital:

Total share capital of the Bank as at the trading day prior to disclosure (in shares)	19,405,918,198
Payment of dividends on preference shares (RMB Yuan)	874,000,000
Payment of interests on perpetual bonds (RMB Yuan)	1,155,000,000
Fully diluted EPS calculated based on the latest share capital (RMB/share, accumulated from January to March)	0.65

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 Quarterly Report?

Yes No

1.2 Items and amounts of non-recurring gains/losses

Applicable Not applicable

(In RMB million)

Item	January to March 2023
Net gains or losses on disposal of non-liquidity assets	7
Other	170
Impact on income tax	(44)
Total	133

Note: The non-recurring gains/losses are calculated in accordance with the definitions in the *Explanatory Announcement No. 1 on Information Disclosure of Companies Publicly Issuing Securities - Non-recurring Profit and Loss* (《公開發行證券的公司信息披露解釋性公告第 1 號——非經常性損益》) issued by China Securities Regulatory Commission (“CSRC”). During the reporting period, the Group had no recurring gains/losses items that are defined or listed as non-recurring gains/losses as per the *Explanatory Announcement No. 1 on Information Disclosure of Companies Publicly Issuing Securities - Non-recurring Profit and Loss* (《公開發行證券的公司信息披露解釋性公告第 1 號 - 非經常性損益》).

1.3 Regulatory indicators and financial ratios

(Unit: %)

Item	Standard level of indicator	31 March 2023	31 December 2022	31 December 2021
Capital adequacy ratio	≥10.75 (Note 2)	13.26	13.01	13.34
Tier 1 capital adequacy ratio	≥8.75 (Note 2)	10.66	10.40	10.56
Core tier 1 capital adequacy ratio	≥7.75 (Note 2)	8.91	8.64	8.60
Non-performing loan ratio	≤5	1.05	1.05	1.02
Provision coverage ratio	≥130 (Note 3)	290.40	290.28	288.42
Provision to loan ratio	≥1.8 (Note 3)	3.05	3.04	2.94
Cost/income ratio (from the beginning of the year to the end of the period)	N/A	26.18	27.45	28.30
Deposit-loan spread (from the beginning of the year to the end of the period, annualized/un-annualized)	N/A	3.59/0.89	3.81	4.05
Net interest spread (NIS) (from the beginning of the year to the end of the period, annualized/un-annualized)	N/A	2.57/0.64	2.67	2.74
Net interest margin (NIM) (from the beginning of the year to the end of the period, annualized/un-annualized)	N/A	2.63/0.65	2.75	2.79

Notes:

- (1) The above indicators represent the performance at the Group level.
- (2) According to the *Additional Regulatory Requirements for Systemically Important Banks (Trial)* and the list of China's systemically important banks in 2022, the Bank was in the first group of the list and implemented the additional capital requirement of 0.25% on 1 January 2023, i.e., the minimum regulatory requirements of core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio are 7.75%, 8.75% and 10.75% respectively.
- (3) 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) (《關於調整商業銀行貸款損失準備監管要求的通知》(銀監發〔2018〕7號)), various joint-stock banks have implemented regulatory policies of differentiated and dynamically adjusted provision.

1.4 Analysis on items with changes in key accounting data and financial indicators

√Applicable □ Not applicable

(In RMB million)

Item	Amount for the period	Amount of change	Rate of change	Analysis on reasons of change
Precious metal	10,871	(5,684)	(34.3%)	Mainly due to the decrease in receivables of trading gold leases
Financial assets held under resale agreements	73,982	32,421	78.0%	Mainly due to the increase in scale of bills and bonds held under resale agreements
Borrowings from the Central Bank	129,466	(62,450)	(32.5%)	Due to stable growth of deposit of Chinese Yuan, the financing funds of selling repurchase bonds to the Central Bank was decreased
Derivative financial liabilities	25,515	(11,010)	(30.1%)	Mainly due to the decrease in the scale of foreign exchange business
Financial assets sold under repurchase agreements	30,485	17,182	129.2%	Mainly due to the increase in the scale of selling repurchase bills
Other liabilities	30,842	9,604	45.2%	Mainly due to the increase in the settlement of pending payables
Gains or losses on changes in fair value	54	(636)	(92.2%)	Mainly due to the decrease in changes in fair value of derivative financial instruments
Gains or losses on foreign exchange	315	(346)	(52.3%)	Mainly affected by fluctuated exchange rate and other factors
Other operating income	253	230	1,000.0%	Small base period number of RMB23 million for the same period of last year
Gains or losses on disposal of assets	7	(71)	(91.0%)	Small base period number of RMB78 million for the same period of last year
Other income	173	125	260.4%	Small base period number of RMB48 million for the same period of last year

Impairment losses on other assets	15	21	Negative amount for the same period of last year	Small base period number of RMB-6 million for the same period of last year
Non-operating expenses	13	(157)	(92.4%)	Small base period number of RMB170 million for the same period of last year

Note: above accounting data and financial indicators are the items with changes over 30% in the balance sheet and income sheet.

1.5 Management discussion and analysis

The year 2023 is the opening year of fully implementing the spirit of the 20th Communist Party of China (CPC) National Congress. The opening influences overall development, and the starting determines the whole path. The Bank actively implements the spirit of the 20th CPC National Congress, all policy decisions and deployment of the CPC Central Committee and the State Council, and various requirements of regulatory authorities; constantly improves its capability of serving the real economy in financial services; enhances the financial support to household consumption, private enterprises, small and micro enterprises, manufacturing, agriculture and other fields; effectively helps expand domestic demands; actively practices green finance; fully supports rural revitalization; continuously strengthens comprehensive risk management; fully and faithfully promotes high-quality development; strives to demonstrate financial role in serving the Chinese modernization process; and provides strong support for setting the stage for building a modern socialist country in all respects.

In the first quarter of 2023, adhering to the strategic goal of building the “China’s most outstanding, world-leading smart retail bank”, the Bank upheld the strategic principle of “being technology-driven, pursuing breakthroughs in retail banking and reinventing its corporate banking”, strove to build its three business cards of “a digital bank, an ecosystem and a platform” and continuously upgraded its operating strategies in retail business, corporate business and treasury and interbank business, constantly deepened comprehensive digital operation, reshaped asset-liability management, and overall operation performance maintained stable.

1.5.1 Stable operation performance

Continued growth of net profit and continued improvement of profitability. In the first quarter of 2023, the Group’s operating income amounted to RMB45,098 million, representing a year-on-year decrease of 2.4%, mainly due to factors such as continued profit concession to the real economy, decreased net interest margin, and fluctuations of bond and foreign exchange markets. As the continued and positive momentum of economic recovery, the operating income increased by 8.3% as compared with the fourth quarter of last year. The Group recorded a net profit of RMB14,602 million, representing a year-on-year increase of 13.6%; weighted average return on equity (ROE) (annualized) and average return on total assets (ROA) (annualized) were 14.38% and 1.08% with year-on-year increases of 0.28 percentage point and 0.06 percentage point respectively.

Stable growth of business size and actively supporting the real economy. At the end of March 2023, the Group’s total assets amounted to RMB5,455,897 million, up by 2.5% as compared with the end of last year, including the total principal of loans and advances to customers of RMB3,439,484 million, up by 3.3% as compared with the end of last year. The Bank continued to strengthen the support for the real economy,

optimized business structure and realized better growth in loans to fields such as inclusive finance, manufacturing, agriculture and green finance. The total liabilities amounted to RMB5,009,152 million, an increase of 2.5% as compared with the end of last year, including the balance of total deposit principals from customers of RMB3,469,238 million, up by 4.7% as compared with end of last year.

Strengthening comprehensive risk management to remain stable asset quality. The Bank actively responded to the changes in macro-economy environment, and strengthened asset quality management and control to promote risk prevention and mitigation. At the end of March 2023, the NPL ratio of the Bank was 1.05%, maintained the same level as the end of last year; the balance of overdue loans accounted for 1.53%, down by 0.03 percentage point from the end of last year; the deviation ratios of loans overdue for more than 60 days and 90 days were 0.84 and 0.71 respectively, with increases of 0.01 and 0.02 as compared with the end of last year; and the provision coverage ratio was 290.40%, up by 0.12 percentage point from the end of last year, the risk compensation capability remained a good level.

Practicing refined management to improve capital adequacy ratio. At the end of March 2023, thanks to capital refinement management, net profit growth and other factors, the Group's core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio were 8.91%, 10.66% and 13.26% respectively, up by 0.27 percentage point, 0.26 percentage point and 0.25 percentage point as compared with the end of last year respectively, which all met the regulatory requirements.

Promoting intelligent outlet construction and reasonably allocating the layout of its outlets. At the end of March 2023, the Bank had 109 branches (including Hong Kong Branch) and a total of 1,199 outlets (including head office, branches and specialized institutions).

1.5.2 Retail business advancing to “Smart Bank 3.0”

In the first quarter of 2023, the Bank actively implemented the original aspiration of providing financial services to the real economy and benefiting people’s well-being, gave full play to the advantages of comprehensive finance and technology empowerment, and continuously and deeply implemented the new model of retail transformation that includes open bank, AI bank, remote bank, offline bank and comprehensive bank with interconnection and organic integration to build the “Smart Bank 3.0”. The retail business achieved an overall stable growth.

(1) Continuous upgrading for the operation of three business segments

● Private banking and wealth management

The Bank continued to upgrade its products, customer group management, and team capabilities and devoted itself to building “a warm global leader in wealth management host bank”. At the end of March 2023, the assets under management (AUM) of retail customers amounted to RMB3,774,391 million, up by 5.2% as compared with the end of the previous year, among which the AUM balance of qualified private banking customers amounted to RMB1,781,754 million, representing an increase of 9.9% as compared with the end of the previous year. The Bank’s wealth management customers reached 1,304.1 thousand, representing an increase of 3.1% as compared with the end of the previous year, among which the qualified private banking customers¹ reached 83.9 thousand, up by 4.2% as compared with the end of the previous year. In the first quarter of 2023, the Bank’s commission income from wealth management recorded RMB2,351 million, with a year-on-year increase of 4.8%.

In terms of product upgrading, the Bank continued to improve asset optimization and product screening capabilities, enriched and optimized product categories. First, the Bank created the “preference private placement” brand, selected and introduced top managers among the private placement institutions in the market. Second, the Bank worked on an online platform, and realized fast penetration to the middle and long tail customer groups of publicly offered funds. At the end of March 2023, the number of position customers of the Bank’s agency of non-monetary publicly offered funds increased by 8.7% as compared with the end of last year. Third, the Bank focused on top private banking customers, continuously optimized comprehensive finance solutions, and promoted stable growth of family trust and insurance trust. The size of new family trust and insurance trust recorded RMB34,285 million in the first quarter of 2023, representing a year-on-year increase of 47.1%.

¹ The standard of qualified customer of private banking is “the average daily assets in any month of recent three months is more than RMB6,000,000”

In terms of customer group upgrading, based on accurate customer demand insight, the Bank connected the operation journey of online and offline customers, implemented the concept of asset allocation service and continued to improve the wealth's health level of customers. As for the construction of rights and interests' system, the Bank continued to build multiple trump cards of "high-end medical and health care, children's education, and charity planning", upgraded and launched its education brand of "Kunpengyou" in the first quarter.

In terms of team upgrading, the Bank established a standardized wealth management training system, and empowered team management through human-machine collaboration, making wealth management managers more professional, intelligent and customized in their business development and services.

In terms of new business track layout, the Bank actively grasped the opportunity of changes in life insurance market and wealth management market, strengthened the upgrading of bancassurance business and team construction, and continuously created a new wealth team that understood insurance well, so as to provide customers with more comprehensive and integrated financial asset allocation services. At the end of March 2023, the number of new team members in service exceeded 1,700. In the first quarter, the revenue of the Bank's agency insurance amounted to RMB1,318 million, representing a year-on-year increase of 83.8%. At the same time, the insurance configuration capacity of frontier teams was effectively improved, in which the new team brought in insurance productivity contribution, and the non-insurance operating income accounted for over 40% of the new teams' overall operating income, gradually becoming an important growth engine for the implementation of the Bank's comprehensive wealth management strategy.

- **Basic retail**

The Bank continued to deeply consolidate basic retail business, creating an operating hub for massive customers. The Bank focused on the development of "Smart Bank 3.0", advanced comprehensive operation and coordinated development, enhanced omni-channel customers acquisition and full-scenario intelligent operation and improved customers' comprehensive management capacity. At the end of March 2023, the Bank's retail customers reached 124,766.5 thousand, representing an increase of 1.4% as compared with the end of the previous year. In the first quarter of 2023, the Bank upgraded the functions of Ping An Pocket Bank APP, applied AI technologies such as hot scenario insight, intelligent interaction and personalized content recommendation to comprehensive finance service scenarios, so as to create seamless user journey experience. At the end of March 2023, the registered customers of Ping An Pocket Bank APP reached 156,352.5 thousand, representing an increase of 2.3% as compared with the end of the previous year, among which the number of monthly active users (MAU) of Pocket Bank APP was 47,695.4 thousand.

With respect to the improvement of deposit business, the retail business of the Bank adhered to the operating guideline of "scale growth, structure optimization, foundation solidity and cost reduction", and achieved

steady growth in deposit business. At the end of March 2023, the balance of personal deposits of the Bank amounted to RMB1,126,614 million, up by 8.9% as compared with the end of the previous year; the average daily balance of personal deposits was RMB1,082,034 million in the first quarter, increased by 35.8% as compared with the same period of last year; and the average cost rate of personal deposits was 2.28%, dropped by 5 basis points as compared with the same period of last year. The driving role of agency business to deposits was continuously enhanced, at the end of March 2023, the balance of deposits from customers of agency and batch business amounted to RMB248,692 million, up by 10.6% as compared with the end of the previous year.

● **Consumer finance**

The Bank continued to intensify its capability of digital operation and comprehensive service for retail credit products to improve product competitiveness and customer service experience. At the end of March 2023, the balance of personal loans amounted to RMB2,058,105 million, increased by 0.5% as compared with the end of last year. The Bank increased mortgage loans supply and strengthened the development of the cornerstone business by combining with the changes in the internal and external business environment. At the end of March 2023, the Bank's mortgage loans accounted for 55.7% of personal loans accounted, with an increase of 1.5 percentage points as compared with the end of last year. The structure of business and customer groups was continuously optimized.

Credit Card

The Bank deepened the operational transformation of the credit card business, continuously created the ultimate experience of “worry free, time-saving and money-saving” for credit card customers. Meanwhile, combining with changes in the internal and external operation environment, the Bank actively optimized structure and deepened existing customer and interest-bearing asset management to advance high-quality and sustainable business development. Affected by slow recovery in the retail consumer market and proactive business restructuring, at the end of March 2023, the credit cards of the Bank in circulation reached 68,652.1 thousand, decreased by 0.5% from the end of last year; the transaction volume of credit cards in the first quarter amounted to RMB730,725 million; and the balance of receivables from credit cards was RMB561,390 million, decreased by 3.0% as compared with the end of last year. However, driven by both refined customer group management and scenario ecosystem, the first spending rate of new credit card accounts increased by 6.2 percentage points year on year, the proportion of online consumption of credit cards in the first quarter increased by 10.5 percentage points year on year, the average daily balance of credit cards in circulation and installments increased by 3.4% as compared with the same period of last year, and customer quality, consumption structure and asset structure were continuously optimized.

The Bank continuously enriched product rights and interests' allocation and promoted scenario-based

arrangements to meet customers' diverse needs. **For car owner groups**, the Bank continued to strengthen the ecological management and developed the "Ping An Refueling" platform with top enterprises in the industry. At the end of March 2023, the platform was applied over 45,000 gas stations, and provided customers with one-stop, all-round auto ecological services including car refueling, washing, parking, battery-charging and maintenance. **For young customer groups**, the Bank deepened the concept of card-benefit separation, introduced activities and rights and interests such as pets, tea & coffee, video, sports, fitness, online shopping discount etc., supported card number customization and card cover customization with your lovely pet picture, met diversified needs of youth, and strove to improve the proportion of young customers. **For high-end wealth management and business customer groups**, first, the Bank comprehensively upgraded key products such as "Ping An Platinum Card" and "Ping An Elite Platinum Card", created five customized rights and benefits for business travel, car owner's life, hotel and restaurant, golf private enjoyment and entertainment life, and continued to improve the management system for rights and interests of wealth management customers. Second, the Bank vigorously expanded overseas tourism business, and launched cash back activities with 12% off for spending in Hong Kong and Macao areas in March to provide various card discount. Meanwhile, the Bank continued to improve the layout of scenarios in the fields of supermarkets, restaurants, travel, cute pets and health care, and launched an integrated marketing campaign with the theme of "A+ Advancement, Unlimited Enjoyment" to create one-stop preferential guides for customers

Xinyidai

By adhering to prudent and sound risk policies, the Bank continuously promoted products, processes and customer experience of "Xinyidai" business. In the first quarter of 2023, the macro economy was still facing many uncertainties, and the Bank took the initiative to tighten its risk policy. At the end of March 2023, the balance² of "Xinyidai" loans was RMB165,927 million, down by 4.9% as compared with the end of last year. In the future, the Bank will expand the coverage of high-quality customers of "Xinyidai" by means of enriching credit access solutions, iteratively optimizing application process, and expanding customer acquisition channels. Furthermore, through creating exclusive credit solutions and streamlining application process, the Bank will improve the accompanying service level for existing customers with the help of the "AI + T + Offline" mode.

Personal residential mortgage loans and title deed-secured loans

² To practically implement the comprehensive business philosophy of "being customer-centric" in the whole life cycle, based on the market changes of customers' financing needs, the Bank combines the former "Xinyidai" and the former "Bailingdai" into one product, which is collectively called "Xinyidai", focusing on meeting customers' credit consumption financing needs. Relevant indicators have been adjusted with the same standard in the comparison period.

Through active implementation of the requirements on serving the real economy, the Bank strengthened the supply for cornerstone business such as personal residential mortgage loans and title deed-secured loans to better meet the needs of residential property and working capital of small and micro customers. Meanwhile, through continuously optimizing the online service process of mortgage loans, the Bank constantly improved service experience of roll over loans and re-borrowings for existing customers, enhanced the quality and efficiency of customer management, and provided customers with more convenient and worry-free financial services. At the end of March 2023, the balance of personal residential mortgage loans and title deed-secured loans of the Bank amounted to RMB817,970 million, up by 4.4% from the end of last year, of which the balance of personal property mortgage loans was RMB285,176 million, up by 0.3% from the end of last year.

Auto finance loans

In the face of changing automotive market environment in the financial market, the Bank continued to improve its product and service system around the consumption scenarios of customers buying, using, maintaining and replacing car, and actively explored the loan market of new energy vehicle to continuously improve customer experience. At the end of March 2023, the balance of the Bank's auto finance loans was RMB319,769 million, representing a decrease of 0.4% from the end of the previous year, due to the lack of consumer demand in the auto market and increased competition in the auto finance market; the new granted auto finance loans amounted to RMB50,328 million in the first quarter, of which the new granted loans for new energy vehicle were RMB7,045 million, with a year-on-year increase of 48.2%.

(2) New model of retail transformation driving operation speed up

The Bank continued to deepen financial inclusion innovation to improve the coverage, availability and satisfaction of financial services and drove high-quality business development. With customer-centric and data-driven as its core, the new model of retail transformation is a development model that benefits massive customer groups with top-quality products and services through technological measures. In the first quarter of 2023, the Bank comprehensively created the "Smart Bank 3.0", strove to promote the implementation of the new model, and the driving role of retail business development was continuously enhanced.

• Open banking

Open banking is the scenario layer of the new model, and the flow pool for the development of retail business. The Bank's retail open banking continued to cultivate vertical industries. On the one hand, the Bank copied in batches and continuously iterated and upgraded with mature industrial solutions such as real estate trading, human resources, smart campus, house leasing and trading market; On the other hand, the Bank expanded new industry platforms, served platform customers, created new industry solutions, connected banks with ecological partners, and created an industrial and financial ecosystem. In the first quarter of 2023, the Bank's retail open banking promoted the "stable quantity and improved quality" and

acquired 431 thousand customers through Internet channel³.

● **Portable banking**

“AI + T + Offline” is the core service matrix of the new model, and the operation chain and service network for the development of retail business. By creating a unified strategy made by intelligent and remote “brain”, the Bank integrated the operation deployment in terms of strategy, scenario and capability, and enabled remote service managers and offline teams to improve operation efficiency by applying AI, big data and other technologies, so as to provide more long tail customers with professional consultation services of wealth management. In the first quarter of 2023, the model of “AI + T + Offline” served over 30 million customers, and the ability to serve basic customer group was improved rapidly. While the Bank’s customer satisfaction continuously kept a higher level, in March 2023, the Bank’s customer services obtained a Net Promoter Score (NPS)⁴ of 87.9%, while the physical outlets reported a NPS of 94.9%.

In terms of AI Banking, the Bank fully upgraded its capability of the AI platform. By deepening interconnection of middle platform, the Bank developed a comprehensive operation system across departments, jointly operated in an inter-connective and collaborative manner with outlets, and built full contacts and closed-loop accompanying service system covering customers’ whole life journey. At the end of March 2023, AI account managers had launched over 1,800 scenarios, served over 12 million customers in the first quarter; the one-time problem-solving ratio and the proportion of unmanned services of the Bank exceeded 90%.

In terms of remote banking, based on the top-level design of “Smart Bank 3.0” for customer service and operation journey, the Bank accurately grouped customers and empowered remote service managers to provide appropriate services under appropriate scenarios. At the same time, the Bank adopted the portable butler of corporate Wechat as a standard service component that customers can easily contact the exclusive service manager through corporate Wechat to consult about account handling, wealth management, consumption payment and other services.

In terms of offline banking, the Bank strengthened scenario-based, socialized and ecological operation for outlets, attached great importance to the construction and upgrading of offline outlets, reinforced technology empowerment, and forged offline outlets to a “warm” main front of comprehensive operation. In the first

³ The statistics are based on the number of new debit card accounts after excluding those acquired from the comprehensive finance channels of Ping An Group.

⁴ 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.

quarter of 2023, the accumulative private domain traffic of outlet ecosystem exceeded 780 thousand, and customers newly acquired went beyond 660 thousand.

● **Comprehensive banking**

Comprehensive banking is the capacity layer of the new model, and the driver for the development of retail business. The Bank upgraded its comprehensive banking in an all-around way and constructed a retail business’s middle platform that includes data, product, rights, technology and risk, so as to connect financial and life services for customers as well as provide customers with high-quality comprehensive financial and life solutions in the manner of a one-stop, full package and coordinated sequence. Firstly, the Bank promoted the integration of debit and credit cards. At the end of March 2023, the class one account rate of new credit card customers increased by 8.1 percentage points as compared with the end of the previous year, and the repayment rate of the Bank’s new card owners increased by 3.3 percentage points as compared with the end of the previous year. Secondly, the Bank fully deepened the linkage between public and private banking, promoted the joint management of customers and joint construction of a linkage mechanism, gave play to their respective advantages, and improved the comprehensive service experience for customers. Thirdly, relying on Ping An Group’s personal comprehensive finance platform, the Bank continuously improved the customer rights and service system to provide customers with one-stop comprehensive financial solutions and the service experience of “worry free, time-saving and money-saving” through active integration into the ecosystem of Ping An Group focusing on the fields of health care, high-end medical care, culture and sports, and charity.

The Bank continued to deepen the innovation and upgrading of the MGM (Member-Get-a-Member) online operation model, and the comprehensive finance’s contribution to retail business remained over stable.

Key indicators of comprehensive finance of MGM model (Selected)

(In RMB million)

Item	January to March 2023		January to March 2022	
	Contribution in comprehensive finance	Proportion in comprehensive finance	Contribution in comprehensive finance	Proportion in comprehensive finance
Number of new customers acquired (in 10,000)	89.13	40.8%	117.33	46.3%
Net increase in number of wealth management customers (in 10,000)	2.08	53.5%	2.97	44.5%
Net increase in number of private banking customers (in 10,000)	0.23	67.6%	0.17	48.6%
Net increase in the assets under management (AUM) of retail customers	95,827	51.2%	88,855	49.9%

Amount of “Xinyidai” issued	17,126	53.8%	18,312	39.5%
Amount of auto finance loans issued	10,069	20.0%	13,086	20.5%
Amount of credit cards newly issued (in 10,000)	37.5	20.8%	57.30	28.2%

1.5.3 Expertized and expanded corporate business

In the first quarter of 2023, closely following the national development strategy and centering on serving the real economy, the Bank's corporate business continued to increase its financing support for key areas such as manufacturing, specialized, refined, distinctive and innovative enterprises, private enterprises, micro, small and medium-sized enterprises, rural revitalization, green finance, and infrastructure. In line with the tide of digital economy and the development trend of modern industries, the Bank continued to promote the construction of two racing tracks of "new transaction bank driven by digitalization and modern industrial finance driven by industrialization". Adhering to the customer-centric principle and working on customer needs, the Bank fostered and strengthened its core customer groups through long-term and in-depth management to consolidate its corporate business development base.

The Bank's corporate business leveraged its advantages in technology and comprehensive finance, and focused on two core racing tracks to achieve steady business growth. In terms of customer group management, at the end of March 2023, the number of corporate customers achieved 642.3 thousand, representing an increase of 26.4 thousand or increased by 4.3% as compared with the end of last year; the enterprise customers served by the Bank's corporate open banking numbered 59,325, increased by 16.4% as compared with the end of last year; the number of registered corporate users of the Bank's Digital Pocket APP accumulated to 14,800.4 thousand, representing an increase of 11.3% as compared with the end of last year. For corporate deposits, at the end of March 2023, the balance of corporate deposits was RMB2,342,624 million, up by 2.8% as compared with the end of last year, and in the first quarter, the average daily balance of corporate deposits increased by 2.4% as compared with the same period of last year. For corporate loans, at the end of March 2023, the balance of corporate loans was RMB1,381,379 million, up by 7.8% as compared with the end of the previous year.

(1) Digital-driven new transaction banking

Based on the two constantly upgraded and optimized digital customer management platforms (Digital Pocket and Digital Treasury), and relying on "Nebula Open Alliance", the Bank continuously enhanced ecological construction capability, leveraged the advantages of account, transaction, data, open preponderance as well as the system advantages of integrated online and offline operations. The Bank continued to innovate, optimize, and output superior products and services around the needs of micro, small and medium-sized customer groups, continuously upgraded its business model of transaction bank, built differentiated competitive advantages at the era of digital economy, achieved bulk reaching and depth management on a large amount of micro, small and medium-sized customer groups, and supported the development of the real economy.

Customer management platform

As a digital asset management and comprehensive service platform for micro, small and medium-sized enterprise users, the Bank's Digital Pocket platform established an all-round operation system based on the needs of corporate customers, provided users with more open, intelligent and diversified financial and non-financial services. The Digital Treasury platform strove to build a comprehensive treasury management product and service system, consolidated comprehensive service capacity for medium and large customers through standardized products and customized functions, and continued to build a "miniaturized" functional package to energize micro, small, and medium-sized customers, and to provide enterprises with all-in-one solutions covering business, capital and tax and to help enterprises' digital transformation. Base on comprehensive services of Digital Pocket and Digital Treasury platforms, the Bank continuously improved its open capability relying on "Nebula Open Alliance" leveraged the collaborative service advantages of corporate-private linkage and comprehensive finance, fostered a new model of cooperation that is open and interconnected, transformed a large number of micro, small, and medium-sized customers from the "4 + 1" key node customers groups⁵ into its corporate and retail customers in batches, and supported the development of the real economy. At the end of March 2023, the number of monthly active users⁶ of the platform reached 1,308.5 thousand, representing an increase of 23.3% as compared with the end of the previous year. In the first quarter of 2023, the number of corporate users transferred to customers exceeded 100 thousand; the total number of transactions of the Bank's corporate open banking amounted to 2,742 million, representing a year-on-year increase of 22.9%, and the transaction amount amounted to RMB7.45 trillion, representing a year-on-year increase of 4.6%.

Internet payment and settlement

The Bank focused on three major customer groups, namely consumer Internet, industrial Internet and government platform, integrated payment and settlement products of corporate and retail businesses, and created the comprehensive operation model of "platform payment and settlement + platform B-end digital financing + platform C-end retail customer attraction" by relying on the open banking's cooperation model with suppliers, to provide online and offline integrated payment and settlement service solutions in all transaction scenarios for the platform and C-end consumers and B-end merchants connected on the platform as well as the core enterprises in the supply chain, supermarkets and department stores, brand chains and wholesale markets, and supported the standardized, healthy and sustainable development of the platform

⁵ "4+1" key node customer groups refer to account service supplier, Internet platform, supply chain scenario provider, industrial software/hardware service provider and PE/VC.

⁶ The number of monthly active users of the platform refer to the registered operating users who have logged in and traded on the Bank's customer management platform (including Digital Pocket, Digital Treasury, corporate online banking, open banking and other corporate online service channels) in the past month.

economy.

Supply chain finance

The Bank looked deep into supply chain scenarios and ecosystem, constantly innovated its business models by applying the “finance + technology” capabilities and optimized its financial service experience. First, the Bank strengthened digital supply chain finance, supplemented “credit of entity” and “credit of things” with “digital credit” through “Nebula-IoT Platform” and massive multidimensional data, to provide online, modeled and automated financial services for micro, small and medium-sized enterprises at the end of the industry chain. In addition, the Bank reciprocated customers with its data advantages such as IoT, and helped resolve the problem of financing shortage, financing high expenditure, operating barrier and operating high expenditure for micro, small and medium-sized enterprises. Second, the Bank deepened scenario-based supply chain finance, and provided customers with “supply chain+” comprehensive finance services such as the integration of domestic and international trade and the integration of supply chain and risk aversion. Third, the Bank created ecological supply chain finance, it output its supply chain financial capability through open banking in a modularized and standardized way, widely reached the core enterprises and their massive upstream and downstream customer groups, and realized bulk customer acquisition from the ecosystem and in-depth customer management.

Since the implementation of the “Nebula-IoT Operation”, it has implemented a number of innovative projects in six major industrial fields, including smart vehicle connection, smart manufacturing, smart energy, smart agriculture, smart infrastructure and smart logistics, and the total amount of financing incurred supporting the real economy has exceeded RMB730,000 million. In the first quarter of 2023, the incurred amount of supply chain finance was RMB260,741 million, with a year-on-year increase of 2.7%.

Bill integration

The Bank thoroughly implemented the operation strategy of “bill integration”, and deeply embedded bill business into the supply chain ecosystem. On the one hand, the Bank deepened the innovation of “bills + open banking” model, actively expanded the bills business ecosystem; on the other hand, the Bank continuously built a two-wheel drive engine of “discounting + re-discounting” to enhance the transaction capability and effectiveness of linkage between discounting and re-discounting. Through continued innovating and upgrading its bill products, the Bank optimized discounting process, and provided customers with convenient and efficient bill settlement and financing services. In the first quarter of 2023, the Bank actively played the role of bills serving the real economy, and provided bills financing services for 12,811 enterprises, including bills discounting financing services for 7,537 enterprises, with a year-on-year increase of 21.4%.

Cross-border finance

The Bank focused on the cross-border financial ecology of enterprises and the cross-border financial service needs of enterprises, and actively supported the development of the real economy. First, the Bank fully leveraged its advantages in five major cross-border financial service sectors including onshore, offshore, free-trade zone, NRAs (domestic foreign currency/Renminbi account of overseas institutions) and overseas branches. The Bank further developed product systems such as “Cross-border Investing/financing, Cross-border Fund Management, Cross-border Trade Finance, Cross-border Inter-bank Finance and Cross-border Payment and Settlement”, and provided operating activities (including cross-border investment, mergers and acquisitions (M&A) and trade) in the process of enterprise globalization with one-stop, cross-border finance comprehensive services at home and abroad and in local and foreign currencies, so as to facilitate the global layout and development of customers. Second, giving a full play to its license advantage of Chinese-funded offshore banks, the Bank provided follow-up offshore financing and settlement services for Chinese-funded enterprises in China, to help them achieve “domestic operation of overseas business and domestic management of overseas funds”. Meanwhile, the Bank supported the foreign debt financing needs of domestic entities with offshore funds. In addition, the Bank provided various online services of payment, settlement and financing for small and medium-sized foreign trade enterprises, supported import and export trades of enterprises, continuously improved customer experience, and supported the development of the real economy. In the first quarter of 2023, the Bank’s amount of cross-border trading and financing reached RMB40,074 million, with a year-on-year increase of 20.5%.

(2) Industry-driven modern industrial finance

Facing the general trend of the development of modern industries and capital markets, the Bank actively laid out key areas of modern industries such as new energy, new infrastructure and new manufacturing; fostered and developed new industry momentum; adhered to the customer-centric principle; gave full play to the advantages of Ping An Group’s license, capital and ecosystem layout; and provided customers with a comprehensive solution of “commercial banking + investment banking + investment”. The Bank took the “three maps” as the starting point, defined the track and accurately positioned the target customer group through the customer map, product map and operation map, created the differentiated competitive advantage of “industry + product”, and strengthened the hexagonal linkage of “head office + branch, market + risk, customer + product” to better serve the national strategy and assist the bank-wide asset launch. At the same time, in order to improve customer services, the Bank continuously enhanced its investment banking professional capabilities, upgraded the two ecological operations of bonds and funds, and supported the development of the real economy with diversified and full-cycle high-quality financial services.

Fostering and developing new industry momentum

The Bank focused its corporate business development on supporting the real economy, gave full play to the industry expertise of the six industry divisions, and analyzed and decoded the six major directions of “boosting China’s strength in manufacturing, product quality, aerospace, transportation, cyberspace, and digital development”. In addition, the Bank combined customer base and business structure, focused on the “three new racing tracks” of new energy, new infrastructure and new manufacturing, fully collaborated with its business and risk lines, and jointly draw customer map, upgrading product map and optimizing the operational map, so as to precisely develop customers, foster and development new industry momentum. In the first quarter of 2023, the scale⁷ of assets invested in the “three new racing tracks” was RMB39,336 million, with a year-on-year increase of 24.7%.

Continuous enhancements in the professional capabilities of investment banking

The Bank leveraged its unique structural advantage of “product + industry + cross-border”, established an investment banking service system of the head office and branches, strengthened innovation in investment banking products, captured market star engagements, and seized structural opportunities in key industries. By creating a circle of investment banking capabilities, the Bank introduced external resources such as legal advisors and industry experts, provided in-depth services to core customer groups such as state-owned enterprises, PE institutions and listed companies, and continued to strengthen the M&A bank consortium ecosystem and the capital market interbank circle. In the first quarter of 2023, the scale of investment banking amounted to RMB163,888 million, among which the scale of mergers and acquisitions reached RMB9,573 million; the scale of bank consortium business reached RMB37,201 million.

Upgrades in the two ecological operations of bonds and funds

The Bank grasped the trend of the booming direct financing market, actively built the bond ecosystem by using Ping An Group’s comprehensive financial resources. The Bank realized the integrated and market-oriented operation mode of “soliciting, marketing and selling”, so as to better serve the Bank’s corporate customers and the real economy. In the first quarter of 2023, the size of bond underwriting business amounted to RMB84,415 million, with the brand effect gradually emerging.

The Bank actively operated the privately offered fund ecosystem, built the PE ecosystem, and carried out comprehensive cooperation with top investment institutions on fund ecology. Taking investment institutions as the ecological core, the Bank deepened customer group cooperation with mainstream LPs, strengthened its support for the invested enterprises, and assisted the growth of the invested enterprises. In addition, the Bank continued to upgrade the product line of the fund ecosystem and empowered the growth of customer

⁷ The statistical standard includes on-balance-sheet loans (excluding bill business, secondary market forfaiting) and off-balance-sheet businesses.

groups of the fund ecosystem. In the first quarter of 2023, the size of fund eco-merger and aggregated deal amounted to RMB35,257 million.

Improvements in customer service capabilities through resource integration

Being customer-centric, the Bank focused on comprehensive financial service scenarios, connected the dual circulation of products and resources between professional companies within Ping An Group and non-banking financial institutions outside Ping An Group, set up a comprehensive product system of stocks and bonds to meet the diversified financing needs of different customers. In the first quarter of 2023, the Bank's average daily balance of new corporate customers from deepening comprehensive financial services cooperation amounted to RMB197,071 million, of which the average daily balance of demand deposits accounting for 44.7%. Meanwhile, the Bank fully leveraged its technological innovation advantage, developed "insurance cloud platform" through scenario-based, digitalized and intelligent operation, expanded new channel of online customer acquisition, empowered customer management, and achieved innovative breakthroughs in Internet insurance. In the first quarter of 2023, the scale of insurance promoted by the Bank amounted to RMB1,036 million.

1.5.4 New development of interbank capital business

The Bank's interbank capital business proactively grasped historic opportunities of rapid openness and development in Chinese finance market, firmly implemented the business philosophy of "serving financial market, interbank customers and the real economy", promoted joint improvement in the three racing tracks of "investment transaction + institutional business + enterprise risk aversion", built a core "moat" with two professional capabilities of "transaction + sales", developed comprehensive service capabilities covering the whole chain of capital market, continuously improved digital operation system that adapted to the new financial situation, and steadily moved towards a new pattern of high-quality development.

(1) Professional and solid investment transaction

In the first quarter of 2023, major overseas economies continued to raise interest rates to combat inflationary pressures. The liquidity shock of the US and European banking industry triggered a resonance of risk sentiment, and overseas financial markets experienced violent turbulence. The domestic monetary policy was precise and powerful, and the reduction of reserve requirement is appropriate to provide more help for the recovery of the real economy. Under the combined impacts of internal and external factors, bond yield center first rose and then fell, and overall fluctuation was small, and the RMB exchange rate against the US dollar shown a two-way fluctuation trend. In the face of the complex and changeable financial market environment, the Bank paid close attention to the domestic and overseas market situation, strengthened analysis, research and judgment, reasonably allocated the position portfolio, flexibly applied hedging strategies, guaranteed the

liquidity and security of the asset side, and actively helped improve market liquidity and transaction execution efficiency. In the first quarter of 2023, the Bank's market share of the volume of bond transaction reached 2.9%.

(2) Comprehensive and leading institutional business

The Bank's interbank capital business cooperated closely with corporate business. Through the "investment banking + market making + sales" model, the Bank promoted contracting through market making and sales, and promoted sales through quotation and investment research, fully connected all businesses including investment banking, trading, research, sales, custody, etc., and provided customers with diversified products and full life cycle services covering primary market, primary semi-market and secondary market.

Institutional trading business

With its "human-machine" trading capability, the Bank further extended its institutional trading service radius through its extensive interbank sales network and electronic trading platform in the interbank local currency market, and has initially established an institutional client network covering major regions around the world. At the same time, the Bank constantly refined electronic trading technology, and improved the intelligent quotation robot based on the "iDeal client" of the Foreign Exchange Trade System and the "exclusive quotation" service of the X-SWAP platform to optimize the trading experience of institutional clients. In the first quarter of 2023, the number of active institutional trading customers reached 332, and the transaction volume of cash bond sold by institutions was RMB527,293 million, representing a year-on-year increase of 45.4%.

Institutional sales business

Relying on the open and cooperative advantages of "Hang-E-Tong" platform, the Bank played the role of linking the capital market to serve the domestic great wealth and great asset management industry chain, and focused on planning in key fields of financial institutions including bond sales and transaction, fund sales and wealth management sales. At the end of March 2023, the "Hang-E-Tong" platform had cooperated accumulatively with 2,445 customers, launched wealth management and agency business cooperation functions for 53 financial institutions, conducted fund agency cooperation at institution end with 113 fund companies. Meanwhile, the "Hang-E-Tong" platform continued to improve the research-driven investor service system, optimized fund research, investment portfolio analysis and other value-added services, and further enhanced investor experience. In March 2023, the Bank successfully held the "Connecting Ecosystem to Benefiting Enterprise and People - Ping An Bank Annual Summit of Cooperation with Fund Company", and drew a new blueprint for cooperation with 42 industry-leading fund companies. At the end of March 2023, the balance of third-party fund products sold through the "Hang-E-Tong" platform reached RMB113,855 million, an increase of 2.3% from the end of last year.

Asset custody

The Bank focused on the whole business chain configuration of asset custody, further consolidated its service capability of comprehensive finance for customers, and realized customers' in-depth management by continuously improving the integrated service system of "custody + financing + investment". At the end of March 2023, the size of the Bank's sale and custody of publicly offered funds and third party funds increased by RMB22,022 million from the end of last year. The Bank's net custody assets amounted to RMB8.05 trillion, down by 2.1% as compared with the end of last year, mainly affected by the net value retraction and redemptions of wealth management products.

(3) Convenient and inclusive enterprise risk aversion

The Bank's "Ping An Risk Aversion" business strictly performed the responsibilities of risk neutrality advocacy and service, utilized its expertise in professional trading of financial market, and enhanced the quality of risk aversion service to enterprises from multiple perspectives, including product innovation and convenient services, etc. The Bank actively responded to the call of the central bank and the State Administration of Foreign Exchange (SAFE), and increased support for exchange rate risk aversion for micro, small and medium-sized enterprises. The Bank integrated business scenarios such as spot foreign exchange settlement and foreign exchange purchase, remittance, foreign currency fixed deposit and cross-border trade settlement by speeding up the connection between the online platform of "Ping An Risk Aversion" and the Bank's corporate online banking and Digital Pocket, which had improved the convenience of risk aversion service, lowered the threshold for risk aversion, and further expanded customer service coverage. In the first quarter of 2023, the Bank's customers for foreign exchange spot and derivatives hedging business reached 7,651, representing a year-on-year increase of 9.3%.

1.5.5 Technology-driven digital operations

The Bank adopted the principle of "being technology-driven" as the driving force for strategic transformation and focused on reducing costs, increasing efficiency, and improving quality. With the focus on digital operation, online service, process automation, intelligent decision-making, and integration of front, middle and back platforms, the Bank has comprehensively deepened the application of financial technology and achieved remarkable results in empowering digital operation. The Bank comprehensively upgraded Cloud Native, built a solid digital foundation, upgraded and applied by the capabilities of technology, data and innovation, and supported the Bank's high-quality and sustainable development.

(1) Technology-empowered digital operation

Having customer centric as its core, the Bank's digital transformation reshaped the business model to promote accurate decision-making, optimal allocation of resources, efficient operation and value enhancement of front,

middle and back office. In the first quarter of 2023, the Group's cost/income ratio was 26.18%, representing a year-on-year decrease of 0.02 percentage point.

In terms of empowering customer management, the Bank established customer analysis portrait with grid matrix as the core for retail business, built the "AI Brain" smart management system, and used the "portable banking" service model to achieve customer management through the whole life circle in a refine and intelligent way. In the first quarter of 2023, the model of "AI + T + Offline" launched more than 4,000 operating scenarios; relying on AI mid-office and marketing mid-office, the Bank's corporate Digital Pocket strengthened the construction of customer management system in an all-round way, achieved marketing model construction and business opportunity conversion for specific scenarios, and constantly improved customer service experience by combining online activities and system of rights and interest. At the end of March 2023, the number of ecological transaction users was 5,472.6 thousand, grew by 13.4% from the end of last year; as a carrier of interbank capital business, the "Hang-E-Tong" platform continuously enriched product categories and improved the research-driven value-added service functions to enhance investor experience. At the end of March, the "Hang-E-Tong" platform had 10,893 high-quality publicly offered fund products on sale, grew by 14.6% from the end of last year. **In terms of empowering risk**, the Bank's smart risk control level was continuously improved, and the credit approval of more than 70% standardized business achieved the second level disbursement at the end of March 2023. The post-loan risk control on key field such as real estate development loan and operating property management loan achieved online and grid-based monitoring. The Bank strengthened automatic post-loan monitoring on standardized products including auto finance and e-discounting of commercial bills, and largely improved the efficiency of post-loan management. **In terms of empowering operation**, the Bank strove to create digital operations with good experience, high efficiency and excellent product delivery, established a data-driven account risk management mechanism, and achieved a precise control on suspicious accounts with money laundering risks through a collaborative human-machine model and dynamic risk strategy management. At the end of March, the automatic control rate of risk accounts reached 77%. **In terms of empowering business management**, the Bank's smart compliance system built the first compliance governance network management system in the industry. At the end of March, 10,400 networks and grids had been built, and the rate of network access of the Bank's personnel reached 100%. The Bank compacted the main responsibility of institutional compliance and improved its compliance governance capability; the Bank's smart administration system launched the "easy meeting" system to comprehensively improve conference management efficiency and participation experience. At the end of March, the conference room coverage of the system was 90%; the Bank's smart finance system responded to the requirements of the State Administration of Taxation to increase the promotion of holistic digital electronic invoice (hereinafter referred to as "Digital e-invoice")

and realized the online and automation of the whole process of Digital e-invoice's recognition, collection, inspection and tick certification with the help of optical character recognition (OCR) technology. At the end of March, the invoice recognition rate reached 97%, and the invoice processing efficiency was about 80% higher than that before the transformation.

(2) Solid digital foundation by Cloud Native

The Bank comprehensively promoted the upgrading of Cloud Native system, strengthened the construction and sharing of technology, data, innovation and other capabilities, promoted the implementation of "AI + Finance" in business scenarios, and empowered customer group management, digital transformation and business model breakthrough.

• Technology capability

As for the upgrade of technology base, the Bank further promoted the Cloud Native transformation, accelerated the upgrade of micro-service distributed architecture based on the "Lingyun" Cloud Native platform, promoted the container transformation of applications and services, and improved the utilization of IT resources. In the first quarter of 2023, the Bank's utilization rate of micro-services exceeded 53%, and more than 280 application container clouds were completed, saving about 6% of CPU consumption and 5% of storage resources year on year. **As for IT R&D management**, the Bank effectively improved the R&D quality and efficiency of R&D for business products by creating the R&D processes of continuous integration (CI), continuous testing (CT) and continuous delivery (CD). In the first quarter, the Starlink's (IT digital R&D platform) average daily construction assembly line exceeded 11,000 times, with an increase of about 10% as compared with the average daily level of the whole of last year; the average monthly automatic application releases exceeded 3,500, with an increase of about 75% as compared with the average monthly level of the whole of last year.

• Data capability

First, the Bank unified the statistics, specifications and standards of data assets throughout the Bank, promoted the application of BI (Business Intelligence) tools such as report and digital large screen in the full scope of employees, and provided differentiated and one-stop data self-service for all departments. In the first quarter of 2023, the number of self-service reports created by the Bank recorded a year-on-year increase of over 80%. Second, the Bank upgraded the data architecture, and improved the data computing power. In the first quarter, the data storage capacity achieved a year-on-year saving of about 13%, and the data computing and processing capacity achieved a year-on-year increase of about 38%. Third, the Bank strengthened capacity output and empowered the construction of bank digital ecosystem. At the end of March 2023, the coverage rate of the Bank's corporate customers of Digital Pocket was nearly 90%, and the system coverage rate that corporate open banking access to was about 86%.

● **Innovation capability**

Relying on the self-developed AI innovation capability system, the Bank actively explored and promoted the application of AI technology model in banking scenarios. In the first quarter of 2023, the Bank's AI resource utilization recorded a year-on-year increase of 30%. **In terms of AI interaction**, the Bank's virtual Digital Human integrated multi-modal, machine vision, natural language processing and other technologies, covered customer service, loan approval, product marketing and other fields, and effectively improved business processing efficiency and customer experience. In the process of customer interaction, the Bank applied multi-modal emotion computing technology to identify customers' emotions and more accurately perceived customers' needs. **In terms of model iteration**, the Bank continuously trained and optimized model algorithms based on online data, laying a solid foundation for building the "Smart Bank 3.0". By the end of March 2023, the Bank has accumulated more than 200 models and about 700 customer marketing and access strategies. **In terms of model application**, in the first quarter, the Bank's artificial intelligence models such as natural language processing, computer vision, quantitative analysis and knowledge atlas were used about 8 million times in the corporate business field, achieving an automation rate of 99.8% for electronic letter of guarantee disbursement.

1.5.6 Active performance of social responsibilities

(1) Support serving the real economy

In the first quarter of 2023, the Bank earnestly acted upon the policy decisions and financial regulatory requirements of the CPC Central Committee and the State Council, kept in mind the political and people-oriented nature of financial work, and strongly supported the real economy. The Bank actively implemented its "15 initiatives" to support the real economy, formulated targeted measures in terms of organization and promotion, resource allocation, team building and risk policy, supported high-quality development of private enterprises and micro, small and medium-sized enterprises, and promoted the improvement of quality and efficiency in financial services. At the end of March 2023, the Bank's total on-balance-sheet and off-balance-sheet credit facilities amounted to RMB5,057,574 million, with an increase of 2.4% over the end of last year. **"True inclusive service, true micro/small enterprises and true credit", and continuing to improve the level of inclusive financial service.** The Bank has always taken the service of inclusive customer groups as the strategic focus. With the Bank's retail transformation process, thanks to the construction of "Smart Bank 3.0", the Bank made rapid breakthroughs in the digitalization and intelligent transformation of inclusive business for small and micro enterprises and achieved remarkable results. Guided by the new value proposition of "expertise creates value", with the help of leading technologies such as big data, AI, Internet of things, blockchain, etc., the Bank gone deep into the supply chain scenario and ecosystem, continuously

deepened digital and online operations, promoted the integration of products, processes and risk control policies, and improved the ability of intelligent and inclusive services. At the same time, the Bank actively responded to the two initiatives of “fee reduction and profit concession” from regulatory authorities, and helped small and micro enterprises reduce their burdens by sending interest coupons, reducing and remitting settlement fees and other measures.

At the end of March 2023, the cumulative number of customers with loans to small and micro businesses each with a credit line not more than RMB10 million excluding bill financing (hereinafter referred as “inclusive small and micro business loans”) amounted to 1,077.4 thousand, among which the number of customers with loans no more than RMB1 million accounted for 86%, the small and micro business owners and sole proprietorships at the bottom of the industrial chain representing the absolute majority; the loan balance was RMB561,207 million, with an increase of 6.2% over the end of the previous year, among which the balance of credit-type inclusive small and micro business loans amounted to RMB107,656 million, representing 19.2% of the balance of inclusive small and micro business loans; in the first quarter of 2023, the cumulative amount of inclusive small and micro business loans was RMB123,055 million with a year-on-year increase of 23.9%, the weighted average interest rate of loans decreased by 0.95 percentage point as compared to the whole year of last year and the non-performing loan ratio was controlled within a reasonable range. The Bank continuously supported the development of private enterprises, and newly issued loans for private enterprise customers accounted for above 60% of newly issued corporate loans for all customers in the first quarter of 2023; at the end of March 2023, the balance of loans to private enterprises increased by 3.3% over the end of last year, accounting for 74.1% of the balance of corporate loans.

Continuing to promote finance innovation and technology empowerment to achieve breakthroughs in the service model of manufacturing enterprises. First, the Bank established a “1 + N + n”⁸ integrated business model to reach customers through multiple channels such as warehousing logistics and platform enterprises, broke the highly dependent dilemma of core enterprises, supported customers from the upstream and downstream of supply chain and ecosystem of core enterprises, and effectively helped micro, small and medium-sized enterprises resolve the lack of financing and high costs financing. Second, the Bank explored the development of bill direct discounting market, and effectively improved our ability to reach and serve supply chain customers and small, medium and micro customer groups through the new business model of “bills + open banking”. Third, the Bank improved the service convenience of small and micro enterprises, implemented risk control based on big data model, and realized online processing and approval automation to reduce the manual intervention and shorten the credit process. For manual transfer business, the Bank

⁸ “1 + N + n” refers to 1 core enterprise + N large suppliers/dealers + n upstream and downstream long tail customer groups

implemented “on-call approval” and completed the manual final approval within 24 hours to ensure the approval efficiency of businesses of small and micro enterprises. At the end of March 2023, the Bank’s balance of medium and long-term loans to manufacturing increased by 6.4% from the end of last year, which was 3.1 percentage points higher than the increase of the total amount of loans issued and principal advanced.

(2) Actively practicing green finance

With a focus on the requirements of the 20th CPC National Congress of “promoting green development to ensure greater harmony between humanity and nature”, the Bank implemented national strategy of carbon neutrality, deeply laid out the industrialization development of green finance, actively supported major projects of green industry such as clean energy, energy conservation, environmental protection, clean production, ecological environment, green infrastructure upgrading and green services, and comprehensively promoted the green and high-quality development of the real economy. At the end of March 2023, the Bank’s balance of green loans was RMB121,557 million, up by 10.7% from the end of last year.

The Bank continued to improve the system, process and business model of green finance, provided a series of resource support including credit policies, special quota, incentives and subsidies, and completed green finance service system. First, the Bank vigorously carried out carbon emission reduction support tools of the Central Bank and actively publicized preferential policies for carbon emission reduction to customers. Second, the Bank continued to upgrade a special action of “three maps” of the customer, the product and the operation, focused on three core industry chain of wind power, photovoltaic and high carbon transformation, promoted the breakthroughs in innovative scenarios including the pre-financing mode of new energy power station project, clean energy capacity expansion of business model of “commercial banking + investment banking + investment”, offshore wind power, photovoltaic promotion throughout the county, household distributed photovoltaic, and high carbon transformation. Third, the Bank improved the first debit card and credit card carbon accounts platform- “Low-carbon Home” in China, enriched green rights and interest redemption, empowered green finance services, expanded the coverage of green and low-carbon behaviors, promoted green transformation at the consumer end and guided carbon emission reduction at the consumer end by continuously expanding the identification of carbon emission reduction behaviors. Customers can accumulate green energy to exchange for low-carbon rights and interests through 21 green and low-carbon behaviors and financial businesses, of which 9 green and low-carbon behaviors can accumulate carbon emissions. The Bank continued to explore carbon financial services and carbon inclusive through certified carbon emissions, so as to provide data base and management experience for future personal carbon asset transactions.

(3) Facilitating rural revitalization with finance

The Bank earnestly acted upon the spirit of the 20th CPC National Congress, regarded fully promoting rural

revitalization and advancing common prosperity as the starting point and focus of financial work, and continued to make efforts in financial services for rural revitalization and financial support.

In the first quarter of 2023, the Bank's invested funds of RMB9,557 million for supporting rural revitalization, with a total investment of RMB78,811 million, it issued 22,597 rural revitalization debit cards, with a total of 136,527 debits cards, benefiting 22.1 thousand rural people and 1,052.1 thousand rural people in total.

In terms of financial services, the Bank continued to support the real economy, helped national food security strategy, and granted a high standard farmland construction loan to an enterprise in Jiangsu; it innovated financial products and granted biological mortgage loans to a livestock enterprise in Xinjiang; it launched photovoltaic loans, supported farmers to purchase household photovoltaic equipment, helped the construction of clean energy facilities in rural areas, developed a Rural Revitalization co-branded card with a photovoltaic enterprise, and provided farmers with convenient financial services such as payment and settlement.

In terms of science and technology helping agriculture, the Bank continued to upgrade the “digital villages” applet to facilitate farmers' living payments; it set up special areas for Rural Revitalization in Nujiang, Yunnan and Liangshan, Sichuan, and assist in the exhibition and sales of local characteristic products. The Bank continued to cooperate with and build smart agricultural bases in Chongqing, Guangdong, Yunnan and other places, upgraded intelligent monitoring and intelligent irrigation equipment, and helped base management to reduce costs and increase efficiency. In Heyuan, Guangdong, the Bank cooperated with the local government, agricultural research institutions and relevant helping and supporting units to jointly build the aerospace Simiao rice test base and practiced national food security strategy.

In terms of rural talent cultivation, the Bank, in conjunction with relevant colleges and universities in Shenzhen, gave special lectures for rural revitalization bellwethers from Guangxi, Guizhou and other regions, upgraded the interactive function of rural bellwethers classroom zone on “digital villages”, optimized curriculum system and improved learning effect.

In terms of rural public welfare and cultural tourism, the Bank organized customers to visit the initiating place of “targeted poverty alleviation” in Shibadong village, western Hunan to conduct rural public welfare and cultural tourism activities and supported the development of local cultural tourism and education industry. The “Wenxiu Class” of Baise, Guangxi funded and established by the Bank held the opening ceremony to help Baise students realize their dreams and become the backbone of the country.

(4) Strengthening consumer rights and interests' protection

The Bank attached high importance to the consumer rights and interest protection (hereinafter referred as “consumer protection”), took the implementation of the concept of “finance for the people” as the starting point and foothold of the consumer protection, constantly advanced the high-quality development of consumer protection. **In terms of educational publicity**, the Bank launched the “five entering projects of

Ping An consumer protection”, established long-term cooperative relations with villages, schools, communities, supermarkets, enterprise parks nationwide, and popularize financial knowledge for targeted groups; the Bank launched the propaganda film on the theme of eight rights of financial consumers for new citizen group, so that the propaganda and education activities can be “understood, remembered and easy to spread”. **In terms of customer experience**, the Bank adhered to the product design and financial service concepts of “customer-centric”, actively responded to the demands of the elderly and visually impaired customers, and created a simple, convenient and one-stop financial service. In March 2023, Ping An Pocket Bank was selected as an excellent case of aging adaptation and barrier free transformation of the Ministry of Industry and Information Technology. **In terms of dispute resolution**, the Bank actively explored multiple dispute resolution channels, vigorously promoted a mode that combined online and offline mediation, and set up the first consumer rights service station and online mediation room in Shenzhen’s banking industry. Several branches won many honorary titles such as “Advanced Unit for Diversified Resolution of Financial Disputes”. **In terms of technology empowerment**, the Bank explored the application of big data, AI and other technologies to build a digital transformation of the whole process control mechanism before, during and after the event. In March 2023, the Bank’s “Smart Consumer Protection Middle Platform” project won 2022 “Innovation China” Annual Financial Digital Transformation Excellent Solution Award. The Bank continued to build SMS and telephone forgery detection platforms. In the first quarter of 2023, the self-service queries of customers exceeded 55,000 times, making every effort to ensure customer information and property security.

1.5.7 General information of Ping An Wealth Management

Ping An Wealth Management, a wholly-owned subsidiary of the Bank, was officially opened for business in August 2020. The registered capital of Ping An Wealth Management is RMB5,000 million, and its principal business activities include issuance of public and private wealth management products, financial advising and consulting service and other asset management related businesses. Affected by the fluctuation of bond market in 2022, market confidence is still recovering, and the scale of industry's wealth management is still declining to varying degrees. At the end of March 2023, the balance of wealth management products of Ping An Wealth Management amounted to RMB810,556 million, down by 8.6% from the end of last year.

1.6 Interest income and expense

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

(In RMB million)

Item	January to March 2023			January to March 2022		
	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	3,346,598	47,773	5.79%	3,089,518	46,442	6.10%
Bond investment	893,413	6,490	2.95%	814,346	5,651	2.81%
Balances with the Central Bank	256,099	961	1.52%	245,421	892	1.47%
Interbank business	450,869	3,468	3.12%	477,091	3,346	2.84%
Total interest-earning assets	4,946,979	58,692	4.81%	4,626,376	56,331	4.94%
Liabilities						
Deposits from customers	3,427,607	18,606	2.20%	3,087,742	15,596	2.05%
Debt securities issued	652,417	4,056	2.52%	796,786	5,561	2.83%
Interbank business and others	726,167	3,915	2.19%	645,789	3,232	2.03%
Total interest-bearing liabilities	4,806,191	26,577	2.24%	4,530,317	24,389	2.18%
Net interest income		32,115			31,942	
Deposit-loan spread			3.59%			4.05%
Net interest spread			2.57%			2.76%
Net interest margin			2.63%			2.80%

Item	January to March 2023			October to December 2022		
	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	3,346,598	47,773	5.79%	3,286,498	47,947	5.79%
Bond investment	893,413	6,490	2.95%	880,424	6,425	2.90%
Balances with the Central Bank	256,099	961	1.52%	257,137	980	1.51%
Interbank business	450,869	3,468	3.12%	424,298	3,035	2.84%
Total interest-earning assets	4,946,979	58,692	4.81%	4,848,357	58,387	4.78%
Liabilities						
Deposits from customers	3,427,607	18,606	2.20%	3,333,663	18,107	2.15%
Debt securities issued	652,417	4,056	2.52%	693,699	4,423	2.53%

Interbank business and others	726,167	3,915	2.19%	614,844	3,076	1.98%
Total interest-bearing liabilities	4,806,191	26,577	2.24%	4,642,206	25,606	2.19%
Net interest income		32,115			32,781	
Deposit-loan spread			3.59%			3.64%
Net interest spread			2.57%			2.59%
Net interest margin			2.63%			2.68%

In the first quarter of 2023, the Group's NIM decreased by 17 basis points to 2.63% as compared with the same period of last year. The Bank actively reshaped the asset-liability structure, made continued profit concession to the real economy, constantly optimized asset-liability structure, and increased credit supply for low-risk business and high-quality customer groups. As a result of that, the Bank's NIM was slightly dropped.

1.6.2 Average daily balance and yield of loans and advances to customers

(In RMB million)

Item	January to March 2023			January to March 2022		
	Average daily balance	Interest income	Average yield	Average daily balance	Interest income	Average yield
Corporate loans	1,112,711	11,321	4.13%	1,018,028	9,835	3.92%
Discounted bills	205,407	1,108	2.19%	171,014	1,022	2.42%
Personal loans	2,028,480	35,344	7.07%	1,900,476	35,585	7.59%
Loans and advances to customers	3,346,598	47,773	5.79%	3,089,518	46,442	6.10%

Item	January to March 2023			October to December 2022		
	Average daily balance	Interest income	Average yield	Average daily balance	Interest income	Average yield
Corporate loans	1,112,711	11,321	4.13%	1,083,175	10,943	4.01%
Discounted bills	205,407	1,108	2.19%	198,346	1,034	2.07%
Personal loans	2,028,480	35,344	7.07%	2,004,977	35,970	7.12%
Loans and advances to customers	3,346,598	47,773	5.79%	3,286,498	47,947	5.79%

In the first quarter of 2023, the Bank's average yield of loans and advances to customers was 5.79%, representing a year-on-year decrease of 31 basis points. The average yield of corporate loans was 4.13%, representing a year-on-year increase of 21 basis points, and the average yield of personal loans was 7.07%, representing a year-on-year decrease of 52 basis points. The Bank vigorously granted credit and loans to low-risk businesses and high-quality customer groups, improved the proportion of high-quality assets, focused on managing high-quality customer groups, enhanced the policy support for major fields such as inclusive

finance and consumption, and implemented the policy orientation of financial institutions serving the real economy. The yield of personal loans dropped slightly due to market changes and structure adjustments.

1.6.3 Average daily balance and cost rate of deposits from customers

(In RMB million)

Item	January to March 2023			January to March 2022		
	Average daily balance	Interest expenses	Average cost rate	Average daily balance	Interest expenses	Average cost rate
Corporate deposits	2,345,573	12,519	2.16%	2,291,179	11,021	1.95%
Including: Demand deposits	910,564	2,674	1.19%	858,203	1,423	0.67%
Term deposits	1,435,009	9,845	2.78%	1,432,976	9,598	2.72%
Including: Treasury deposits and agreement deposits	59,986	455	3.08%	127,636	1,107	3.52%
Personal deposits	1,082,034	6,087	2.28%	796,563	4,575	2.33%
Including: Demand deposits	270,888	165	0.25%	233,126	168	0.29%
Term deposits	811,146	5,922	2.96%	563,437	4,407	3.17%
Deposits from customers	3,427,607	18,606	2.20%	3,087,742	15,596	2.05%

Item	January to March 2023			October to December 2022		
	Average daily balance	Interest expenses	Average cost rate	Average daily balance	Interest expenses	Average cost rate
Corporate deposits	2,345,573	12,519	2.16%	2,364,880	12,440	2.09%
Including: Demand deposits	910,564	2,674	1.19%	910,228	2,522	1.10%
Term deposits	1,435,009	9,845	2.78%	1,454,652	9,918	2.71%
Including: Treasury deposits and agreement deposits	59,986	455	3.08%	79,753	636	3.16%
Personal deposits	1,082,034	6,087	2.28%	968,783	5,667	2.32%
Including: Demand deposits	270,888	165	0.25%	247,970	154	0.25%
Term deposits	811,146	5,922	2.96%	720,813	5,513	3.03%
Deposits from customers	3,427,607	18,606	2.20%	3,333,663	18,107	2.15%

In the first quarter of 2023, the average cost rate of deposit-taking was 2.20%, representing a year-on-year increase of 15 basis points. Affected by the rise of foreign currency market interest rates and other factors, the foreign currency deposit cost rate increased. Meanwhile, the Bank continuously strengthened the management and control on deposit cost and optimized deposit structure so that the cost rate of RMB deposits decreased by 14 basis points as compared with the same period of last year. In the future, the Bank will further optimize the deposit structure, continue to expand low-cost core deposits, strengthen volume and price control of high-cost deposits such as foreign currencies, and manage the cost of liabilities.

1.7 Risk management on real estate industry

The Group attached great importance to risk prevention and quality control of credit granting in the real estate industry. At the end of March 2023, the aggregate balance of credit risk-bearing businesses of the Group amounted to RMB322,093 million including actual and contingent credits and loans, proprietary bond investments, and proprietary non-standard investments relating to real estate, with a decrease of RMB1,542 million as compared with the end of last year; the aggregate balance of non-credit risk bearing businesses of the Group amounted to RMB84,837 million including wealth management capital contribution, entrust loans, trusts and funds management and consignment for cooperative institutions, lead underwriting of debt financing instruments, with a decrease of RMB4,732 million as compared with the end of last year. Including:

(1) Credit risk-bearing business involving real estate mainly included the real estate loans to corporates, with the balance of RMB285,307 million, representing an increase of RMB1,823 million as compared with the end of last year. Among them, the real estate development loans totaled RMB94,561 million, accounting for 2.7% of the Bank's total principals of loans and advances to customers, and down by 0.1 percentage point as compared with the end of last year. All real estate development loans have been effectively mortgaged, with an average mortgage rate of 44.3%, and 95.8% of the loans were distributed in the urban areas of first and second tier cities, the Greater Bay Area and the Yangtze River Delta region. The operating property loans, mergers and acquisitions loans and others totaled RMB190,746 million, mainly including mature property mortgages, with an average mortgage rate of 44.8%, and 95.9% of loans were distributed in the urban areas of first and second tier cities, the Greater Bay Area and the Yangtze River Delta region. At the end of March 2023, the NPL ratio of the Bank's corporate real estate was 1.22%, down by 0.21 percentage point from the end of last year.

(2) Non-credit risk bearing business with real estate trusts, funds management and consignment for cooperative institutions, with a total of RMB40,409 million, representing a decrease of RMB2,424 million as compared with the end of last year. The product size of underlying assets corresponding to specific projects and assets with high-quality pledge of stock rights reached RMB30,029 million, and 84.3% of which were distributed in the urban areas of first and second tier cities, the Greater Bay Area and the Yangtze River Delta region. The other business included high level private placement bonds and asset securitization products.

Since the fourth quarter of 2022, China has released policies to support real estate. The effect of policy tools has gradually emerged, the financing environment of real estate enterprises has been continuously improved, the policies supported rigid demand and improved housing consumption demand, the real estate market has shown signs of recovery, and the industry has bid farewell to the old growth model and evolved to a new model of virtuous circle. Subsequently, the Group will continue to implement the regulatory requirements maintain the smooth and orderly credit supply in the real estate sector, implement the policy guidance of

“positive circulation and sound development in the real estate industry”, actively implement the relevant requirements of “multi-body supply, multi-channel guarantee and rent-and-purchase housing system”, and actively support the financing needs of government-subsidized housing and rental housing. The Group will also focus on supporting the development projects of rigidly needed and improved commercial housing. Meanwhile, the Group will continue to strengthen risk management and control of real estate loans and insist on the same weighting of loans and management to achieve holistic monitoring of customer management, project progress, assets status and capital flow.

1.8 Asset quality

In the first quarter of 2023, due to rapid macro-economy recovery but notable imbalance issue of regions and industries' recovery, some enterprises and individual repayment ability bore the pressure, and banks still faced challenges in managing asset quality. The Bank actively responded to national strategy of serving the real economy, and strongly supported development of private, and small, medium and micro enterprises, the overall asset quality maintaining stable.

In the first quarter 2023, the Bank's provision for credit impairment losses on loans and advances to customers amounted to RMB13,074 million, representing a year-on-year increase of 2.4%. At the end of March 2023, the NPL ratio of the Bank was 1.05%, maintained the same level as the end of last year; the provision coverage ratio was 290.40%, increased by 0.12 percentage point as compared with the end of last year; and the provision to loan ratio was 3.05%, increased by 0.01 percentage point as compared with the end of last year, the risk compensation capability continuously kept at a good level.

The Bank continuously strengthened asset quality management and control and intensified the disposal of non-performing assets. In the first quarter of 2023, the Bank's written-off loans amounted to RMB15,782 million, representing a year-on-year increase of 21.1%; the total of recovered non-performing assets was RMB11,721 million, which included recovered written-off principals of RMB7,798 million for non-performing assets (including recovered written-off amount of RMB7,053 million for non-performing loans); 79.6% of recovered amount for non-performing assets was recovered in cash and the rest was recovered in repayment by collaterals.

In the future, the Bank will closely follow changes in macro situation, intensify management and control measures, keep a good risk compensation level, firmly protect the risk base line, and make sure the asset quality is controllable.

1.8.1 Five-tier classification of loans and advances to customers

(In RMB million)

Item	31 March 2023		31 December 2022		Change at the end of the reporting period from the end of last year
	Balance	Percentage	Balance	Percentage	
Normal loans	3,343,143	97.20%	3,233,708	97.13%	3.4%
Special mentioned loans	60,272	1.75%	60,592	1.82%	(0.5%)
Non-performing loans	36,069	1.05%	34,861	1.05%	3.5%
Including: Substandard	20,134	0.58%	18,900	0.57%	6.5%
Doubtful	11,596	0.34%	9,703	0.29%	19.5%
Loss	4,339	0.13%	6,258	0.19%	(30.7%)
Total principal of loans and advances to customers	3,439,484	100.00%	3,329,161	100.00%	3.3%

Impairment provision for loans and advances to customers	(104,743)		(101,196)		3.5%
Including: Impairment provision for loans and advances to customers measured at amortized cost	(101,868)		(97,919)		4.0%
Impairment provision for loans and advances to customers designated at fair value and changes included into other comprehensive income	(2,875)		(3,277)		(12.3%)
Non-performing loan ratio	1.05%		1.05%		-
Deviation ratio of loans overdue for more than 90 days (Note 1)	0.71		0.69		+0.02
Deviation ratio of loans overdue for more than 60 days (Note 2)	0.84		0.83		+0.01
Provision coverage ratio	290.40%		290.28%		+0.12 percentage point
Provision coverage ratio for loans overdue for more than 90 days	411.53%		419.22%		-7.69 percentage points
Provision coverage ratio for loans overdue for more than 60 days	345.09%		351.08%		-5.99 percentage points
Provision to loan ratio	3.05%		3.04%		+0.01 percentage point

Notes:

(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.

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

(In RMB million)

Item	31 March 2023		31 December 2022		Increase/decrease in non-performing ratio
	Balance	NPL ratio	Balance	NPL ratio	
Corporate loans	1,381,379	0.51%	1,281,771	0.61%	-0.10 percentage point
Including: General corporate loans	1,164,244	0.60%	1,084,224	0.72%	-0.12 percentage point
Discounted bills	217,135	-	197,547	-	-
Personal loans	2,058,105	1.41%	2,047,390	1.32%	+0.09 percentage point
Including: Personal residential mortgage loans and title deed-secured loans (Note 1)	817,970	0.32%	783,393	0.37%	-0.05 percentage point
Xinyidai	165,927	1.60%	174,461	1.28%	+0.32 percentage point
Auto finance loans	319,769	1.53%	321,034	1.26%	+0.27 percentage point
Credit card receivables	561,390	2.81%	578,691	2.68%	+0.13 percentage point
Others (Note 2)	193,049	1.58%	189,811	1.32%	+0.26 percentage point
Total principal of loans and advances to customers	3,439,484	1.05%	3,329,161	1.05%	-

Notes:

(1) At the end of March 2023, “Personal residential mortgage loans and title deed-secured loans” included the balance of “property mortgage” of RMB285,176 million (RMB284,443 million at the end of 2022), and the NPL ratio of property mortgage was 0.25%.

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

● Corporate loans

At the end of March 2023, the NPL ratio of the Bank’s corporate loans was 0.51%, down by 0.10 percentage point from the end of last year. The Bank continued to iterate and optimize “ecosystem-based” risk policies, supported ecological customer expansion for its businesses, focused on the fields of manufacturing, green finance and specialized, refined, distinctive and innovative enterprises, continued to put efforts into transaction bank business, and served the real economy with high quality. The Bank deepened risk management and control in key areas, focused on the risks of key industries and significant customers, and promoted risk prevention and resolution by grasping the management of key links and key actions. The Bank strengthened portfolio warning and strategy classification, made practical portfolio warning and strategic classification, positioned risks, strengthened control, and promoted the early and orderly repatriation of higher-risk customers. The Bank increased the efforts to clear and dispose of non-performing assets and helped maintain stable asset quality.

● Personal loans

At the end of March 2023, the NPL ratio of the Bank’s personal loans was 1.41%, up by 0.09 percentage point from the end of last year. In the first quarter of 2023, the macro economy still faced many uncertain factors, and the impact of the early economic downturn on the asset quality continued. The repayment ability of individual customers had not been fully recovered, and the asset quality of personal loans was still under

pressure. Since the second half of 2021, the Bank has increased inspection frequency on pre-lending policies, and strictly controlled customer access, actively strengthened the disposal of non-performing loans while expanding collection and recovery channels. Since 2022, the Bank has gradually increased the proportion of secured loans, optimized personal loan structure, improved high-risk customers' identification using its industry-leading technological capabilities and risk control models. The Bank also implemented differential risk management strategies, and effectively enhanced its risk mitigation capability. Meanwhile, to mitigate the impact of deferred loan maturities on future asset quality, the Bank has responded proactively with front-loaded reminders, dedicated collection and recovery resources and comprehensive relief toolkits. Subsequently, as the momentum of economic growth restarts and the economy recovers gradually, it is expected that the quality of personal loan assets will gradually stabilize and improve.

1.8.3 Overdue loans

(In RMB million)

Item	31 March 2023		31 December 2022	
	Balance	% of total loans	Balance	% of total loans
Loans with principal and interest overdue for no more than 90 days	27,053	0.79%	27,903	0.83%
Loans with principal and interest overdue for more than 90 days	25,452	0.74%	24,139	0.73%

At the end of March 2023, the balance of the Bank's overdue loans accounted for 1.53% with a decrease of 0.03 percentage point as compared with the end of last year. The balance of loans overdue for no more than 90 days (including loans with principal paid and interest overdue for no more than 90 days) was RMB27,053 million, accounting for 0.79% of total principal of loans and advances to customers, with a decrease of 0.04 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) was RMB25,452 million, accounting for 0.74% of total principal of loans and advances to customers, with an increase of 0.01 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) was RMB30,352 million, accounting for 0.88% of total principal of loans and advances to customers, with an increase of 0.01 percentage point over the end of last year. In respect of overdue loans, the Bank took multiple targeted management and control actions, and developed recovery and restructuring conversion plans based on the actual conditions of customers. The Bank actively communicated with all relevant parties, and actively promoted risk management and resolution. The overall risks are controllable at the moment.

1.9 Capital adequacy ratio, leverage ratio and liquidity coverage ratio

1.9.1 Capital adequacy ratio

(In RMB million)

Item	31 March 2023		31 December 2022	
	The Group	The Bank	The Group	The Bank
Net core tier 1 capital	356,412	346,311	343,409	333,914
Other tier 1 capital	69,944	69,944	69,944	69,944
Net tier 1 capital	426,356	416,255	413,353	403,858
Tier 2 capital	104,280	104,243	103,684	103,652
Net capital	530,636	520,498	517,037	507,510
Total risk-weighted assets	4,000,405	3,993,179	3,975,182	3,968,099
Credit risk-weighted assets	3,587,848	3,584,839	3,539,646	3,537,017
On-balance-sheet risk-weighted assets	3,087,110	3,084,101	3,025,807	3,023,178
Off-balance-sheet risk-weighted assets	492,298	492,298	506,034	506,034
Risk-weighted assets of counterparty credit risk exposure	8,440	8,440	7,805	7,805
Market risk-weighted assets	97,659	97,251	120,638	119,993
Operational risk-weighted assets	314,898	311,089	314,898	311,089
Core tier 1 capital adequacy ratio	8.91%	8.67%	8.64%	8.41%
Tier 1 capital adequacy ratio	10.66%	10.42%	10.40%	10.18%
Capital adequacy ratio	13.26%	13.03%	13.01%	12.79%

1.9.2 Leverage ratio

(In RMB million)

Item	31 March 2023	31 December 2022	30 September 2022	30 June 2022
Leverage ratio	6.36%	6.25%	6.27%	6.15%
Net tier 1 capital	426,356	413,353	404,867	390,406
Balance of on-and off-balance sheet assets after adjustment	6,705,904	6,610,527	6,453,339	6,350,865

Note: The above data represents the Group level performance. According to the *Additional Regulatory Requirements for Systemically Important Banks (Trial)* and the list of China's systemically important banks in 2022, the Bank exercised the additional leverage ratio requirement of 0.125% from 1 January 2023, i.e., the minimum regulatory requirement of leverage ratio was 4.125%. At present, the Group's leverage ratio meets the additional leverage capital requirement. At the end of the reporting period, the Group's leverage ratio increased from the end of 2022, the main reason for the increase was that the growth rate of net tier 1 capital was slightly higher than the growth rate of balance of on-and off-balance sheet assets after adjustment.

1.9.3 Liquidity coverage ratio

(In RMB million)

Item	31 March 2023	31 December 2022
Liquidity coverage ratio	116.58%	115.60%

Qualified liquidity assets with high quality	639,618	591,747
Net cash outflow	548,644	511,909

Note: The above data represents the performance at the Group level. The Group discloses the information on liquidity coverage ratio according to the *Measures for the Disclosure of Information on Liquidity Coverage Ratio of Commercial Banks* (《商業銀行流動性覆蓋率信息披露辦法》).

Section II Shareholders Information

2.1 Number of ordinary shareholders and of preference shareholders with restored 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		506,867	Total number of preference shareholders with restored voting rights as at the end of the reporting period (if any)	-		
Shareholdings of the top ten ordinary shareholders						
Name of shareholder	Nature of shareholder	Shareholding (%)	Number of shares	Number of selling - restricted shares held	Pledged, tagged 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	Overseas legal entity	7.45	1,446,645,657	-	-	-
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 Communications Co., Ltd. - E Fund Shanghai Stock Exchange 50-Index Enhanced Securities Investment Fund	Domestic legal entity	0.33	64,167,068	-	-	-
China Electronics Investment Shenzhen Company	Domestic legal entity	0.32	62,523,366	-	-	-
Hexie Health Insurance Co., Ltd. - universal product	Domestic legal entity	0.30	58,894,176	-	-	-
National Social Security Fund 101 Portfolio	Domestic legal entity	0.30	58,077,602	-	-	-
New China Life Insurance Company Ltd.- dividend - dividends for individual - 018L - FH002Shen	Domestic legal entity	0.28	54,877,908	-	-	-
Shareholdings of the top 10 shareholders not subject to restrictions						

Name of shareholder	Number of selling-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	1,446,645,657	RMB ordinary shares	1,446,645,657
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 Communications Co., Ltd. - E Fund Shanghai Stock Exchange 50-Index Enhanced Securities Investment Fund	64,167,068	RMB ordinary shares	64,167,068
China Electronics Investment Shenzhen Company	62,523,366	RMB ordinary shares	62,523,366
Hexie Health Insurance Co., Ltd. - universal product	58,894,176	RMB ordinary shares	58,894,176
National Social Security Fund 101 Portfolio	58,077,602	RMB ordinary shares	58,077,602
New China Life Insurance Company Ltd.- dividend - dividends for individual - 018L - FH002Shen	54,877,908	RMB ordinary shares	54,877,908
Explanations of the related party relationship or acting-in-concert relationship among the above shareholders	<p>1. Ping An Life Insurance Company of China, Ltd. is a majority-owned subsidiary of and person acting 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.</p> <p>2. The Bank is not aware of any related-party relationship or parties acting in concert among other shareholders.</p>		
Description of the top 10 ordinary shareholders who engage in securities margin trading business (if any)	Nil		

Whether any of the top 10 ordinary shareholders and the top 10 selling-unrestricted ordinary shareholders has executed any agreed repurchase during the reporting period

Yes No

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

(Unit: Share)

Total number of preference shareholders at the end of the reporting period	22			Total number of preference shares with restored voting rights (if any)	-	
Shareholdings of the top 10 preference shareholders						
Name of shareholder	Nature of shareholder	Shareholding (%)	Number of shares	Number of selling - restricted shares held	Pledged, tagged 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	-	-	-
Bank of Communications Schroder Asset Management - Bank of Communications - Bank of Communications Schroder Asset Management Zhuoyuan No. 1 Collective Asset Management Plan	Domestic legal entity	8.45	16,905,000	-	-	-
CITIC Securities - Postal Savings Bank of China- CITIC Securities Star No. 28 Collective Asset Management Plan	Domestic legal entity	5.48	10,950,000	-	-	-
Bank of China Limited Shanghai Branch	Domestic legal entity	4.47	8,930,000	-	-	-
Jiangsu International Trust Co., Ltd. - Jiangsu Trust - Hexiang Tianli No. 1 Collective Capital Trust Plan	Domestic legal entity	3.66	7,325,000	-	-	-
Chuangjin Hexin Fund - Hua Xia Bank - Chuangjin Hexin Taize No. 6 Collective Asset Management Plan	Domestic legal entity	3.55	7,105,000	-	-	-
Hwabao Trust Co., Ltd. - Hwabao Trust - Baofu Investment No. 1 Collective Capital Trust Plan	Domestic legal entity	3.02	6,040,000	-	-	-

<p>BOC International (China) Co., Ltd. - Bank of China - BOCIC China Red - Huizhong No. 32 Collective Asset Management Plan</p>	<p>Domestic legal entity</p>	<p>2.23</p>	<p>4,465,000</p>	<p>-</p>	<p>-</p>	<p>-</p>
<p>Explanations of the related party relationship or acting-in-concert relationship among the above shareholders</p>	<p>1. Ping An Life Insurance Company of China, Ltd. and Ping An Property & Casualty Insurance Company of China, Ltd. are controlled subsidiaries and persons acting in concert of 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.</p> <p>2. The Bank is not aware of any related-party relationship or parties acting in concert among other shareholders.</p>					

Section III Other Significant Matters

Applicable Not applicable

Section IV Financial Statements

4.1 Financial statements

1. Consolidated and company balance sheet (unaudited)
2. Consolidated and company income statement (unaudited)
3. Consolidated and company cash flow statement (unaudited)

PING AN BANK CO., LTD.
CONSOLIDATED BALANCE SHEET
31 March 2023

Assets	In RMB million	
	31 March 2023	31 December 2022
Cash and balances with the Central Bank	317,642	285,277
Deposits with banks and other financial institutions	109,707	98,329
Precious metal	10,871	16,555
Call loans to banks and other financial institutions	120,421	133,921
Derivative financial assets	21,873	27,553
Financial assets held under resale agreements	73,982	41,561
Loans and advances to customers	3,349,098	3,242,258
Financial investments:		
Financial assets held for trading	414,525	446,133
Investment on debts	743,001	731,850
Other investment on debts	166,202	172,233
Other equity instrument investments	6,879	6,380
Investment properties	457	477
Fixed assets	10,681	11,083
Right-of-use assets	6,172	6,530
Intangible assets	6,709	6,879
Goodwill	7,568	7,568
Deferred income tax assets	42,685	44,079
Other assets	47,424	42,848
Total assets	5,455,897	5,321,514
Liabilities and shareholders' equity		
Liabilities		
Borrowings from the Central Bank	129,466	191,916
Deposits from banks and other financial institutions	460,207	407,278
Placements from banks and other financial institutions	43,698	53,282
Financial liabilities held for trading	78,299	69,054
Derivative financial liabilities	25,515	36,525
Financial assets sold under repurchase agreements	30,485	13,303
Deposits from customers	3,510,585	3,352,266
Employee benefits payable	15,042	18,571
Taxes payable	15,919	14,674
Debt securities issued	650,724	692,075
Lease liabilities	6,600	6,922
Provisions	11,770	9,730
Other liabilities	30,842	21,238
Total liabilities	5,009,152	4,886,834
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	80,756	80,816
Other comprehensive income	2,184	2,660
Surplus reserve	10,781	10,781
General reserve	64,848	64,768
Undistributed profit	198,826	186,305
Total shareholders' equity	446,745	434,680
Total Liabilities and shareholders' equity	5,455,897	5,321,514

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

PING AN BANK CO., LTD.
BALANCE SHEET
31 March 2023

Assets	In RMB million	
	31 March 2023	31 December 2022
Cash and balances with the Central Bank	317,642	285,277
Deposits with banks and other financial institutions	109,252	97,619
Precious metal	10,871	16,555
Call loans to banks and other financial institutions	120,421	133,921
Derivative financial assets	21,873	27,553
Financial assets held under resale agreements	73,882	41,561
Loans and advances to customers	3,349,098	3,242,258
Financial investments:		
Financial assets held for trading	411,586	442,792
Investment on debts	742,709	731,753
Other investment on debts	163,250	169,368
Other equity instrument investments	6,879	6,380
Long-term equity investments	5,000	5,000
Investment properties	457	477
Fixed assets	10,655	11,054
Right-of-use assets	6,172	6,526
Intangible assets	6,709	6,879
Goodwill	7,568	7,568
Deferred income tax assets	42,644	44,015
Other assets	47,177	42,582
Total assets	5,453,845	5,319,138
Liabilities and shareholders' equity		
Liabilities		
Borrowings from the Central Bank	129,466	191,916
Deposits from banks and other financial institutions	460,527	407,605
Placements from banks and other financial institutions	43,698	53,282
Financial liabilities held for trading	78,299	69,054
Derivative financial liabilities	25,515	36,525
Financial assets sold under repurchase agreements	30,485	13,303
Deposits from customers	3,510,591	3,352,270
Employee benefits payable	14,845	18,271
Taxes payable	15,575	14,107
Debt securities issued	650,724	692,075
Lease liabilities	6,600	6,922
Provisions	11,770	9,730
Other liabilities	33,194	23,057
Total liabilities	5,011,289	4,888,117
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	80,759	80,816
Other comprehensive income	2,187	2,664
Surplus reserve	10,781	10,781
General reserve	62,384	62,384
Undistributed profit	197,095	185,026
Total shareholders' equity	442,556	431,021
Total Liabilities and shareholders' equity	5,453,845	5,319,138

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

PING AN BANK CO., LTD.
CONSOLIDATED INCOME STATEMENT
January to March 2023

Item	In RMB million	
	January to March 2023	January to March 2022
I. Operating income	45,098	46,207
Net interest income	32,115	31,942
Interest income	58,692	56,331
Interest expenses	(26,577)	(24,389)
Net fee and commission income	8,878	8,887
Fee and commission income	10,366	10,736
Fee and commission expenses	(1,488)	(1,849)
Investment income	3,303	3,878
Including: Gains from derecognition of financial assets measured at amortized cost	(1)	68
Gains or losses on changes in fair value	54	690
Exchange gains or losses	315	661
Other operating income	253	23
Gains or losses on disposal of assets	7	78
Other income	173	48
II. Operating expenses	(12,265)	(12,544)
Taxes and surcharges	(458)	(438)
Business and administrative expenses	(11,807)	(12,106)
III. Operating profit before impairment losses	32,833	33,663
Impairment losses on credit	(14,449)	(17,329)
Impairment losses on other assets	(15)	6
IV. Operating profit	18,369	16,340
Add: Non-operating income	11	14
Less: Non-operating expenses	(13)	(170)
V. Profit before tax	18,367	16,184
Less: Income tax expenses	(3,765)	(3,334)
VI. Net profit	14,602	12,850
Net profit from continued operations	14,602	12,850
Net profit from discontinued operations	-	-
VII. Net value of other comprehensive income after tax	(448)	(94)
(I) Other comprehensive income that will not be reclassified to profit or loss	(38)	(51)
Changes in fair value of other equity instrument investment	(38)	(51)
(II) Other comprehensive income that may be reclassified to profit or loss	(410)	(43)
1. Changes in fair value of financial assets designated at fair value and changes included into other comprehensive income	152	(653)
2. Provision for credit losses on financial assets designated at fair value and changes included into other comprehensive income	(567)	609
3. Exchange differences on translation of foreign currency financial statements	5	1
VIII. Total comprehensive income	14,154	12,756
IX. Earnings per share		
(I) Basic earnings per share (EPS) (RMB/share)	0.65	0.56
(II) Diluted earnings per share (EPS) (RMB/share)	0.65	0.56

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

PING AN BANK CO., LTD.
INCOME STATEMENT
January to March 2023

Item	In RMB million	
	January to March 2023	January to March 2022
I. Operating income	44,250	45,806
Net interest income	32,090	31,908
Interest income	58,668	56,305
Interest expenses	(26,578)	(24,397)
Net fee and commission income	8,093	8,511
Fee and commission income	10,129	10,577
Fee and commission expenses	(2,036)	(2,066)
Investment income	3,361	3,851
Including: Gains from derecognition of financial assets measured at amortized cost	(1)	68
Gains or losses on changes in fair value	(41)	727
Exchange gains or losses	315	661
Other operating income	253	23
Gains or losses on disposal of assets	7	78
Other income	172	47
II. Operating expenses	(12,109)	(12,443)
Taxes and surcharges	(453)	(435)
Business and administrative expenses	(11,656)	(12,008)
III. Operating profit before impairment losses	32,141	33,363
Impairment losses on credit	(14,446)	(17,330)
Impairment losses on other assets	(15)	6
IV. Operating profit	17,680	16,039
Add: Non-operating income	11	14
Less: Non-operating expenses	(13)	(170)
V. Profit before tax	17,678	15,883
Less: Income tax expenses	(3,608)	(3,273)
VI. Net profit	14,070	12,610
Net profit from continued operations	14,070	12,610
Net profit from discontinued operations	-	-
VII. Net value of other comprehensive income after tax	(449)	(94)
(I) Other comprehensive income that will not be reclassified to profit or loss	(38)	(51)
Changes in fair value of other equity instrument investment	(38)	(51)
(II) Other comprehensive income that may be reclassified to profit or loss	(411)	(43)
1. Changes in fair value of financial assets designated at fair value and changes included into other comprehensive income	151	(652)
2. Provision for credit losses on financial assets designated at fair value and changes included into other comprehensive income	(567)	608
3. Exchange differences on translation of foreign currency financial statements	5	1
VIII. Total comprehensive income	13,621	12,516

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

PING AN BANK CO., LTD.
CONSOLIDATED CASH FLOW STATEMENT
January to March 2023

Item	In RMB million	
	January to March 2023	January to March 2022
I. Cash flows from operating activities		
Net decrease in amounts due from the Central Bank and deposits with banks and other financial institutions	2,429	-
Net increase in borrowings from the Central Bank	-	59,701
Net increase in customer deposits and deposits from banks and other financial institutions	207,838	186,820
Net decrease in call loans to banks and other financial institutions	1,509	-
Net increase in placements from banks and other financial institutions	-	3,442
Net increase in financial assets sold under repurchase agreements	17,356	-
Net decrease in financial assets held under resale agreements	-	249
Net decrease in financial assets held for trading	36,267	-
Cash received from interest and fee and commission income	66,183	62,357
Cash received relating to other operating activities	26,139	47,146
Sub-total of cash inflows from operating activities	357,721	359,715
Net increase in amounts due from the Central Bank and deposits with banks and other financial institutions	-	(10,108)
Net decrease in borrowings from the Central bank	(62,193)	-
Net increase in loans and advances to customers	(128,555)	(107,036)
Net increase in call loans to banks and other financial institutions	-	(8,374)
Net decrease in placements from banks and other financial institutions	(9,555)	-
Net increase in financial assets held under resale agreements	(931)	-
Net increase in financial assets held for trading	-	(4,966)
Net decrease in financial assets sold under repurchase agreements	-	(47,591)
Cash payments for interest and fee and commission expenses	(19,466)	(16,614)
Cash paid to and on behalf of employees	(9,246)	(9,111)
Payments of taxes and surcharges	(4,652)	(3,763)
Cash paid relating to other operating activities	(13,967)	(5,025)
Sub-total of cash outflows from operating activities	(248,565)	(212,588)
Net cash flows from operating activities	109,156	147,127
II. Cash flows from investing activities:		
Cash received from investments upon disposal/maturity	91,756	131,168
Cash received from returns on investments	8,284	8,830
Cash received from disposal of fixed assets and other long-term assets	130	79
Sub-total of cash inflows from investment activities	100,170	140,077
Cash payments for investments	(92,751)	(144,830)
Cash paid to acquire property and equipment, intangible assets and other long-term assets	(394)	(204)
Sub-total of cash outflows from investment activities	(93,145)	(145,034)
Net cash flows from/(used in) investing activities	7,025	(4,957)
III. Cash flows from financing activities:		
Cash received from debt securities issued	163,457	223,444
Sub-total of cash inflows from financing activities	163,457	223,444
Cash payments for principal of debt securities	(208,121)	(281,719)
Cash payments for interest on debt securities	(743)	(1,001)
Cash payments for dividend and profit distribution	(2,029)	(2,029)
Cash payments for lease liabilities	(657)	(648)
Sub-total of cash outflows from financing activities	(211,550)	(285,397)
Net cash flows used in financing activities	(48,093)	(61,953)
IV. Effect of foreign exchange rate changes on cash and cash equivalents	(779)	(477)
V. Net increase in cash and cash equivalents	67,309	79,740
Add: Cash and cash equivalents at the beginning of the year	222,326	225,222
VI. Cash and cash equivalents at the end of the period	289,635	304,962

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

PING AN BANK CO., LTD.
CASH FLOW STATEMENT
January to March 2023

Item	In RMB million	
	January to March 2023	January to March 2022
I. Cash flows from operating activities:		
Net decrease in amounts due from the Central Bank and deposits with banks and other financial institutions	2,429	-
Net increase in borrowings from the Central Bank	-	59,701
Net increase in customer deposits and deposits from banks and other financial institutions	207,833	186,549
Net decrease in call loans to banks and other financial institutions	1,509	-
Net increase in placements from banks and other financial institutions	-	3,442
Net increase in financial assets sold under repurchase agreements	17,356	-
Net decrease in financial assets held under resale agreements	-	249
Net decrease in financial assets held for trading	35,866	-
Cash received from interest and fee and commission income	65,906	62,218
Cash received relating to other operating activities	26,137	47,146
Sub-total of cash inflows from operating activities	357,036	359,305
Net increase in amounts due from the Central Bank and deposits with banks and other financial institutions	-	(10,108)
Net decrease in borrowings from the Central bank	(62,193)	-
Net increase in loans and advances to customers	(128,555)	(107,036)
Net increase in call loans to banks and other financial institutions	-	(8,374)
Net decrease in placements from banks and other financial institutions	(9,555)	-
Net increase in financial assets held under resale agreements	(931)	-
Net increase in financial assets held for trading	-	(4,901)
Net decrease in financial assets sold under repurchase agreements	-	(47,591)
Cash payments for interest and fee and commission expenses	(19,535)	(17,585)
Cash paid to and on behalf of employees	(9,040)	(8,955)
Payments of taxes and surcharges	(4,246)	(3,508)
Cash paid relating to other operating activities	(13,897)	(4,981)
Sub-total of cash outflows from operating activities	(247,952)	(213,039)
Net cash flows from operating activities	109,084	146,266
II. Cash flows from investing activities:		
Cash received from investments upon disposal/maturity	91,756	131,168
Cash received from returns on investments	8,240	8,838
Cash received from disposal of fixed assets and other long-term assets	130	79
Sub-total of cash inflows from investment activities	100,126	140,085
Cash payments for investments	(92,481)	(143,752)
Cash paid to acquire property and equipment, intangible assets and other long-term assets	(394)	(200)
Sub-total of cash outflows from investment activities	(92,875)	(143,952)
Net cash flows from/(used in) investing activities	7,251	(3,867)
III. Cash flows from financing activities:		
Cash received from debt securities issued	163,457	223,444
Sub-total of cash inflows from financing activities	163,457	223,444
Cash payments for principal of debt securities	(208,121)	(281,719)
Cash payments for interest on debt securities	(743)	(1,001)
Cash payments for dividend and profit distribution	(2,029)	(2,029)
Cash payments for lease liabilities	(657)	(640)
Sub-total of cash outflows from financing activities	(211,550)	(285,389)
Net cash flows used in financing activities	(48,093)	(61,945)
IV. Effect of foreign exchange rate changes on cash and cash equivalents	(779)	(477)
V. Net increase in cash and cash equivalents	67,463	79,977
Add: Cash and cash equivalents at the beginning of the year	221,616	224,895
VI. Cash and cash equivalents at the end of the period	289,079	304,872

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

4.2 Auditor's Report

Whether the First Quarterly Reports have been audited.

Yes No

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

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

25 April 2023