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BQD  **青岛银行**

Bank of Qingdao Co., Ltd.*

青島銀行股份有限公司*

(A joint stock company incorporated in the People's Republic of China with limited liability)

(H Shares Stock Code: 3866)

2023 FIRST QUARTERLY REPORT

This announcement is made by Bank of Qingdao Co., Ltd. (the “**Bank**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

This report is prepared in Chinese and English. Should there be any discrepancies between the two versions, the Chinese version shall prevail.

IMPORTANT NOTICE:

1. The board of directors, board of supervisors, directors, supervisors and senior management of the Bank assure that the information contained in this quarterly report is true, accurate and complete, does not contain any false records, misleading statements or material omissions, and shall assume several and joint liabilities.
2. The 30th meeting of the eighth session of the board of directors of the Bank was convened on 28 April 2023 by way of remote voting. There were 13 directors eligible for attending the meeting, of whom 13 directors attended and voted at the meeting. The resolution on the 2023 first quarterly report of Bank of Qingdao Co., Ltd. was considered and approved at the meeting.
3. The Bank’s chairman Mr. Jing Zailun, president Mr. Wu Xianming, vice president in charge of finance function Ms. Chen Shuang and general manager of Financial Planning Department Mr. Li Zhenguo assure the authenticity, accuracy and completeness of the financial statements in this quarterly report.
4. The financial statements in this report were prepared in accordance with the International Financial Reporting Standards (“**IFRSs**”) and are unaudited. In this report, IFRSs refer to the International Financial Reporting Standards issued by the International Accounting Standards Board; the International Financial Reporting Standards include the International Accounting Standards.
5. In this report, the “**Company**” refers to Bank of Qingdao Co., Ltd. and its subsidiaries, and the “**Bank**” refers to Bank of Qingdao Co., Ltd. Unless otherwise stated, the data in this report are the consolidated data of the Company and the amounts mentioned in this report are denominated in RMB.

SECTION I BASIC INFORMATION

I. PRINCIPAL FINANCIAL DATA

1. Principal accounting data and financial indicators

Expressed in thousands of Renminbi, unless otherwise stated

Item	January- March 2023	January- March 2022	Year-on-year change (%)
Operating income	3,089,260	2,678,811	15.32
Net profit attributable to shareholders of the Bank	910,066	785,669	15.83
Basic earnings per share (RMB/share) ⁽¹⁾	0.16	0.15	6.67
Diluted earnings per share (RMB/share) ⁽¹⁾	0.16	0.15	6.67
Net cash flows generated from operating activities	5,931,055	(15,750,164)	137.66
Weighted average return on net assets (%) (annualized) ⁽¹⁾	12.19	11.49	Increased by 0.70 percentage point
Item	31 March 2023	31 December 2022	Change from the end of last year (%)
Total assets	552,287,242	529,613,992	4.28
Total liabilities	514,749,581	493,020,697	4.41
Share capital	5,820,355	5,820,355	–
Equity attributable to shareholders of the Bank	36,723,569	35,816,312	2.53
Shareholders' equity	37,537,661	36,593,295	2.58
Net assets per share attributable to ordinary shareholders of the Bank (RMB/share) ⁽²⁾	5.21	5.05	3.17
Total share capital of the Bank as of the trading day before the disclosure (share)			5,820,354,724
Interest paid on perpetual bonds (RMB) ⁽³⁾			–
Fully diluted earnings per share calculated using the latest share capital (RMB/share, in aggregate from January to March 2023)			0.16

Notes:

- (1) Earnings per share and weighted average return on net assets were 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)). The Bank issued offshore preference shares in 2017, which were redeemed in September 2022. The Bank issued perpetual bonds from July to August 2022, which were classified as other equity instruments. In calculating earnings per share and weighted average return on net assets, the effect of the preference shares and perpetual bonds has been deducted from the “weighted average net assets”.
- (2) Net assets per share attributable to ordinary shareholders of the Bank = (equity attributable to shareholders of the Bank – other equity instruments)/the number of ordinary shares as at the end of the period.
- (3) The Bank did not pay interest on perpetual bonds in the first quarter of 2023.

2. Explanation on differences between the financial statements respectively prepared in accordance with the Chinese Accounting Standards for Business Enterprises and the IFRSs

In the financial statements prepared by the Company in accordance with the Chinese Accounting Standards for Business Enterprises and the IFRSs, there is no difference between the net profit attributable to shareholders of the Bank for the reporting period ended 31 March 2023 and the equity attributable to shareholders of the Bank at the end of the reporting period.

3. Changes of principal accounting data and financial indicators and the reasons thereof

The above principal accounting data and financial indicators with changes of over 30% and the main reasons thereof are set out below:

Unit: RMB thousand

Item	January- March 2023	Year-on-year change (%)	Main reason
Net cash flows generated from operating activities	5,931,055	137.66	Increase in deposits from customers

II. PRINCIPAL REGULATORY INDICATORS AND SUPPLEMENTARY FINANCIAL INDICATORS

1. Key indicators

Indicator	Regulatory standard	31 March 2023	31 December 2022	31 December 2021	31 December 2020
Capital adequacy ratio (%) ⁽¹⁾	≥10.5	13.27	13.56	15.83	14.11
Tier-one capital adequacy ratio (%) ⁽¹⁾	≥8.5	10.47	10.69	11.04	11.31
Core tier-one capital adequacy ratio (%) ⁽¹⁾	≥7.5	8.61	8.75	8.38	8.35
Leverage ratio (%)	≥4	5.99	6.07	5.87	6.14
Liquidity coverage ratio (%)	≥100	111.45	122.83	179.54	152.42
Liquidity ratio (%)	≥25	81.46	88.21	73.28	65.44
Non-performing loan ratio (%)	≤5	1.14	1.21	1.34	1.51
Provision coverage ratio (%)		232.79	219.77	197.42	169.62
Loan provision ratio (%)		2.66	2.65	2.64	2.56
Normal loan migration rate (%) ⁽²⁾		1.42	1.01	1.07	0.88
Special mention loan migration rate (%) ⁽²⁾		80.90	43.54	78.54	31.07
Substandard loan migration rate (%) ⁽²⁾		38.57	22.43	19.28	74.64
Doubtful loan migration rate (%) ⁽²⁾		38.97	3.19	2.45	21.91
Return on average total assets (%) (annualized) ⁽³⁾		0.70	0.60	0.61	0.59
Cost-to-income ratio (%) ⁽⁴⁾		28.65	34.95	33.90	33.59
Net interest spread (%) (annualized) ⁽⁵⁾		1.88	1.85	1.87	2.14
Net interest margin (%) (annualized) ⁽⁵⁾		1.85	1.76	1.79	2.13

Notes:

- (1) The relevant indicators of capital adequacy ratio were calculated in accordance with the Administrative Measures for the Capital of Commercial Banks (Provisional) 《商業銀行資本管理辦法(試行)》 and other relevant regulatory provisions.
- (2) The migration rate indicators as at 31 December 2021 and thereafter were calculated in accordance with the requirements of the Notice of the CBIRC on Revising the Definition and Calculation Formula of Basic Indicators for Off-site Regulation of the Banking Industry (Yin Jian Fa [2022] No.2) 《中國銀保監會關於修訂銀行業非現場監管基礎指標定義及計算公式的通知》(銀監發[2022]年2號), with annual conversion factor included in the calculation caliber.
- (3) Return on average total assets = net profit/average balance of total assets at the beginning and at the end of the period.
- (4) Cost-to-income ratio = (operating expenses – tax and surcharges)/operating income.
- (5) Net interest spread = average yield of interest-earning assets – average cost rate of interest-bearing liabilities, net interest margin = net interest income/average balance of interest-earning assets.

2. Loans to and deposits from customers

Unit: RMB thousand

Item	31 March 2023	31 December 2022	Change from the end of last year (%)
Loans and advances to customers:			
Corporate loans	210,412,221	195,649,422	7.55
Personal loans	72,774,888	73,380,030	(0.82)
Total loans to customers	283,187,109	269,029,452	5.26
Add: Accrued interest	547,924	598,681	(8.48)
Less: Provision for impairment on loans and advances to customers measured at amortized cost	(7,472,835)	(7,109,471)	5.11
Loans and advances to customers	276,262,198	262,518,662	5.24
Provision for loan impairment	(7,532,077)	(7,137,141)	5.53
Of which: Impairment provision for loans and advances to customers at fair value through other comprehensive income	(59,242)	(27,670)	114.10
Deposits from customers:			
Corporate deposits	198,558,498	193,629,694	2.55
Personal deposits	159,048,758	147,328,169	7.96
Other deposits ^(Note)	120,089	389,313	(69.15)
Total customer deposits	357,727,345	341,347,176	4.80
Add: Accrued interest	7,195,926	6,696,131	7.46
Deposits from customers	364,923,271	348,043,307	4.85

Note: Other deposits include outward remittance and remittance payables as well as fiscal deposits to be transferred.

3. Capital adequacy ratio

Unit: RMB thousand

Item	31 March 2023		31 December 2022	
	The Company	The Bank	The Company	The Bank
Net core tier-one capital	30,040,507	26,732,556	29,169,606	26,035,971
Net tier-one capital	36,520,124	33,128,339	35,643,177	32,431,754
Net capital base	46,270,272	42,526,469	45,212,218	41,666,847
Total risk weighted assets	348,706,232	332,339,628	333,440,925	317,558,522
Core tier-one capital adequacy ratio (%)	8.61	8.04	8.75	8.20
Tier-one capital adequacy ratio (%)	10.47	9.97	10.69	10.21
Capital adequacy ratio (%)	13.27	12.80	13.56	13.12

4. Leverage ratio

Unit: RMB thousand

Item	31 March	31 December	30 September	30 June
	2023	2022	2022	2022
Leverage ratio (%)	5.99	6.07	6.24	6.45
Net tier-one capital	36,520,124	35,643,177	36,557,766	38,149,428
Balance of assets on and off balance sheet after adjustments	609,811,550	587,180,650	586,234,446	591,744,221

5. Liquidity coverage ratio

Unit: RMB thousand

Item	31 March	31 December
	2023	2022
Liquidity coverage ratio (%)	111.45	122.83
Qualified and high-quality current assets	85,660,146	90,470,924
Net cash outflows in next 30 days	76,862,903	73,656,093

6. Loans by five categories

Unit: RMB thousand

Five categories	31 March 2023		31 December 2022		Change from the end of last year (%)
	Amount	% of total	Amount	% of total	
Normal	277,650,893	98.05	263,563,488	97.97	5.34
Special mention	2,300,586	0.81	2,218,483	0.82	3.70
Substandard	1,269,082	0.45	1,252,410	0.46	1.33
Doubtful	772,368	0.27	822,032	0.31	(6.04)
Loss	1,194,180	0.42	1,173,039	0.44	1.80
Total loans to customers	283,187,109	100.00	269,029,452	100.00	5.26

III. ANALYSIS OF OPERATING RESULTS

In the first quarter of 2023, the Company focused on the core strategy of “high-quality development, giving priority to quality and efficiency”. Guided by the annual basic operating guiding ideology of “consolidating the strength and making up for the weakness, serving the real economy, governing the risks and standardizing the management”, we made every effort to take action and achieved a steady improvement in scale, quality and efficiency of our business operations. This has resulted in a positive start to our overall performance for the year.

The assets and liabilities grew steadily, and the business structure continued to optimize.

As at the end of March 2023, the total assets of the Company amounted to RMB552.287 billion, representing an increase of RMB22.673 billion or 4.28% as compared with that at the end of last year; the total liabilities amounted to RMB514.750 billion, representing an increase of RMB21.729 billion or 4.41% as compared with that at the end of last year. The Company continued to increase its loans granted, expand the scale of deposits, and further increase the proportion of loans and deposits in the total assets and liabilities. As at the end of March 2023, the total loans to customers amounted to RMB283.187 billion, representing an increase of RMB14.158 billion, or 5.26% as compared with that at the end of last year, and a year-on-year increase of RMB27.513 billion or 10.76%, accounting for 51.28% of total assets, representing an increase of 0.48 percentage point as compared with that at the end of last year and a year-on-year increase of 2.79 percentage points. The total customer deposits amounted to RMB357.727 billion, representing an increase of RMB16.380 billion or 4.80% as compared with that at the end of last year, and a year-on-year increase of RMB48.720 billion or 15.77%, accounting for 69.50% of total liabilities, representing an increase of 0.26 percentage point as compared with that at the end of last year and a year-on-year increase of 6.31 percentage points.

Operating efficiency improved steadily, and comprehensive profitability increased continuously. In the first quarter of 2023, the Company achieved a net profit attributable to shareholders of the Bank of RMB910 million, representing a year-on-year increase of RMB124 million or 15.83%; operating income amounted to RMB3.089 billion, representing a year-on-year increase of RMB410 million or 15.32%. The overall growth of major operating income such as interest and non-interest income drove the rapid growth of the net profit attributable to the shareholders of the Bank. During the reporting period, while continuing to expand the scale of interest-earning assets, the Company increased the proportion of loans, resulting in the net interest margin achieving a year-on-year increase of 0.10 percentage point, and the net interest income achieving a rapid increase. The Company vigorously developed intermediate businesses such as wealth management, agency and transaction banking, improved the operating quality and efficiency of financial assets, and achieved rapid growth in net non-interest income. In the first quarter of 2023, net interest income amounted to RMB2,198 million, representing a year-on-year increase of RMB281 million or 14.67%. Net non-interest income amounted to RMB892 million, representing a year-on-year increase of RMB129 million or 16.95%, of which: net fee and commission income amounted to RMB475 million, representing a year-on-year increase of RMB63 million or 15.17%; net gains arising from investments amounted to RMB444 million, representing a year-on-year increase of RMB62 million or 16.31%.

The quality of loans continued to improve and the principal regulatory indicators met the standards. As at the end of March 2023, the non-performing loan ratio of the Company was 1.14%, representing a decrease of 0.07 percentage point as compared with that at the end of last year and a year-on-year decrease of 0.19 percentage point; the provision coverage ratio was 232.79%, representing an increase of 13.02 percentage points as compared with that at the end of last year and a year-on-year increase of 34.41 percentage points; the core tier-one capital adequacy ratio was 8.61%, representing a decrease of 0.14 percentage point as compared with that at the end of last year; the capital adequacy ratio was 13.27%, representing a decrease of 0.29 percentage point as compared with that at the end of last year. All the principal regulatory indicators met regulatory requirements, while the capital adequacy ratio decreased slightly mainly due to the steady development of various businesses of the Company and the increase in risk-weighted assets in tandem with the business growth.

The Bank has taken various measures simultaneously to improve the quality and efficiency and unswervingly served the development of private and small and micro enterprises. The Bank continued to improve the long-acting mechanism of dare to lend, willing to lend, able to lend and good at lending to further enhance the availability of financing for private and small and micro enterprises, and to improve the quality and efficiency of financial support for private and small and micro enterprises. On the one hand, through a series of activities such as “bank president visits small and micro enterprises” and “financing review”, we actively understood the urgent needs and expectations of customers, and promoted the implementation of the relevant series of credit policies. On the other hand, we accelerated product development and innovation, improved business processes, perfected risk evaluation model, scientifically set credit approval conditions, and launched a series of new products such as “fast loan by home mortgage” and “fast loan by guarantee”; meanwhile, we streamlined the business processing links while maintaining risks under control, explored the establishment of a time-limit system for the approval process, and made clear requirements on the time limit for approval by business category, which improved the efficiency of business processing. As at the end of March 2023, the balance of loans to private enterprises of the Bank was RMB72.32 billion, representing an increase of RMB562 million or 0.78% as compared with that at the end of last year; the balance of inclusive loans to small and micro enterprises was RMB28.261 billion (the customers included small and micro enterprises, individual business owners and owners of small and micro enterprises with an individual lending amount of below RMB10 million, excluding any discounted amount), representing an increase of RMB1.136 billion or 4.19% as compared with that at the end of last year.

SECTION II SHAREHOLDER INFORMATION

I. TOTAL NUMBER OF ORDINARY SHAREHOLDERS AND THE PREFERENCE SHAREHOLDERS WITH VOTING RIGHTS RESTORED AND SHAREHOLDINGS OF THE TOP 10 SHAREHOLDERS

Unit: Share

Total number of ordinary shareholders as at the end of the reporting period	70,412	Total number of preference shareholders with voting rights restored as at the end of the reporting period (if any)	-
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Shareholdings of the top 10 ordinary shareholders

Name of shareholder	Nature of shareholder	Percentage of shareholding	Number of shares	Number of shares subject to restrictions on sale	Shares pledged, marked or frozen	
					Status of shares	Number
HKSCC Nominees Limited	Overseas legal entity	21.87%	1,272,956,224	-	Unknown	Unknown
Intesa Sanpaolo S.p.A. (意大利聯合聖保羅銀行)	Overseas legal entity	17.50%	1,018,562,076	-	-	-
Qingdao Conson Industrial Co., Ltd. (青島國信實業有限公司)	State-owned legal entity	11.25%	654,623,243	-	-	-
Qingdao Haier Industrial Development Co., Ltd. (青島海爾產業發展有限公司)	Domestic non-state-owned legal entity	9.15%	532,601,341	409,693,339	-	-
Qingdao Haier Air-Conditioner Electronics Co., Ltd. (青島海爾空調電子有限公司)	Domestic non-state-owned legal entity	4.88%	284,299,613	-	-	-
Haier Smart Home Co., Ltd. (海爾智家股份有限公司)	Domestic non-state-owned legal entity	3.25%	188,886,626	-	-	-
Qingdao Hairen Investment Co., Ltd. (青島海仁投資有限責任公司)	Domestic non-state-owned legal entity	2.99%	174,083,000	-	-	-
Qingdao China Prosperity State-owned Capital Investment and Operation Group Co., Ltd. (青島華通國有資本投資運營集團有限公司)	State-owned legal entity	2.12%	123,315,055	94,967,581	-	-
Shandong Sanliyuan Economics and Trade Co., Ltd. (山東三利源經貿有限公司)	Domestic non-state-owned legal entity	2.09%	121,600,000	-	Pledged Marked	121,600,000 121,600,000
Qingdao Jifa Group Co., Ltd. (青島即發集團股份有限公司)	Domestic non-state-owned legal entity	2.03%	118,217,013	-	-	-

Shareholdings of the top 10 ordinary shareholders not subject to restrictions on sale

Name of shareholder	Number of shares not subject to restrictions on sale	Class of shares	Number
HKSCC Nominees Limited	1,272,956,224	Overseas listed foreign shares	1,272,956,224
Intesa Sanpaolo S.p.A. (意大利聯合聖保羅銀行)	1,018,562,076	Overseas listed foreign shares	1,018,562,076
Qingdao Conson Industrial Co., Ltd. (青島國信實業有限公司)	654,623,243	RMB ordinary shares	654,623,243
Qingdao Haier Air-Conditioner Electronics Co., Ltd. (青島海爾空調電子有限公司)	284,299,613	RMB ordinary shares	284,299,613
Haier Smart Home Co., Ltd. (海爾智家股份有限公司)	188,886,626	RMB ordinary shares	188,886,626
Qingdao Hai ren Investment Co., Ltd. (青島海仁投資有限責任公司)	174,083,000	RMB ordinary shares	174,083,000
Qingdao Haier Industrial Development Co., Ltd. (青島海爾產業發展有限公司)	122,908,002	RMB ordinary shares	122,908,002
Shandong Sanliyuan Economics and Trade Co., Ltd. (山東三利源經貿有限公司)	121,600,000	RMB ordinary shares	121,600,000
Qingdao Jifa Group Co., Ltd. (青島即發集團股份有限公司)	118,217,013	RMB ordinary shares	118,217,013
Guosen Securities Co., Ltd. (國信證券股份有限公司)	68,343,992	RMB ordinary shares	68,343,992

**Description of the related
relationships or acting in
concert among the
above-mentioned shareholders**

Qingdao Haier Industrial Development Co., Ltd., Qingdao Haier Air-Conditioner Electronics Co., Ltd. and Haier Smart Home Co., Ltd. are all under Haier Group, and Qingdao Haier Industrial Development Co., Ltd. and Qingdao Haier Air-Conditioner Electronics Co., Ltd. have entrusted Haier Smart Home Co., Ltd. to exercise the voting rights of the shareholders corresponding to their shares. The Bank is not aware of any related relationship or acting in concert relationship among other above-mentioned shareholders.

**Description of the top 10 ordinary
shareholders participating in
securities margin trading
business**

The Bank is not aware of any holder of shares held on behalf by HKSCC Nominees Limited participating in securities margin trading and refinancing businesses. As at the end of the reporting period, other top 10 ordinary shareholders did not participate in securities margin trading and refinancing businesses.

Remarks

1. Among the total number of ordinary shareholders at the end of the reporting period, there are 70,264 A shareholders and 148 registered H shareholders;
2. The shares held by HKSCC Nominees Limited are the total number of shares in the Bank's H shareholders accounts traded on the trading platform of HKSCC Nominees Limited by it as an agent;
3. As at the end of the reporting period, Intesa Sanpaolo S.p.A., as a registered H shareholder of the Bank, held 1,015,380,976 H shares, and the remaining 3,181,100 H shares were agented to and under the name of HKSCC Nominees Limited, and in this table, those agented shares have been deducted from the number of shares held by HKSCC Nominees Limited;
4. The top 10 ordinary shareholders and the top 10 ordinary shareholders not subject to restrictions on sale of the Bank did not conduct any transactions on agreed repurchases during the reporting period.

II. TOTAL NUMBER AND SHAREHOLDINGS OF PREFERENCE SHAREHOLDERS OF THE BANK

As at the end of the reporting period, the Bank had no existing preference shares.

SECTION III OTHER SIGNIFICANT EVENTS**I. UNDERTAKINGS MADE BY THE PARTIES INVOLVING IN THE UNDERTAKINGS INCLUDING DE FACTO CONTROLLERS, SHAREHOLDERS, RELATED-PARTIES, ACQUIRERS AND THE BANK AND FULFILLMENT THEREOF**

There was no de facto controllers and acquirers of the Bank. During the reporting period, parties involving in the undertakings including the Bank, shareholders and related parties of the Bank performed their undertakings in a normal manner. For details of the undertakings, please refer to 2022 annual report of the Bank.

II. RECEPTION OF ACTIVITIES SUCH AS SURVEYS, COMMUNICATIONS AND INTERVIEWS DURING THE REPORTING PERIOD

The contact telephone of the Bank's investor relations: 40066 96588 ext. 6

The official website of the Bank: <http://www.qdccb.com/>

During the reporting period, the Bank had no reception of activities such as surveys, communications and interviews.

SECTION IV PUBLICATION OF QUARTERLY REPORT

This report is simultaneously published on the website of the Shenzhen Stock Exchange (<http://www.szse.cn/>) and the website of the Bank (<http://www.qdccb.com/>). Quarterly report prepared according to the the International Financial Reporting Standards is also simultaneously published on the HKEXnews website of The Stock Exchange of Hong Kong Limited(<http://www.hkexnews.hk/>) and the website of the Bank.

SECTION V FINANCIAL STATEMENTS

Bank of Qingdao Co., Ltd.

Unaudited consolidated statement of profit or loss

for the period from 1 January 2023 to 31 March 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

	Period from 1 January to 31 March	
	2023 (unaudited)	2022 (unaudited)
Interest income	5,009,883	4,740,739
Interest expense	<u>(2,812,285)</u>	<u>(2,824,363)</u>
Net interest income	2,197,598	1,916,376
Fee and commission income	593,880	463,426
Fee and commission expense	<u>(119,304)</u>	<u>(51,364)</u>
Net fee and commission income	474,576	412,062
Net trading losses	(32,544)	(38,908)
Net gains arising from investments	443,857	381,600
Other operating income	<u>5,773</u>	<u>7,681</u>

Bank of Qingdao Co., Ltd.**Unaudited consolidated statement of profit or loss (continued)**

for the period from 1 January 2023 to 31 March 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

	Period from 1 January to 31 March	
	2023	2022
	(unaudited)	(unaudited)
Operating income	3,089,260	2,678,811
Operating expenses	(924,245)	(837,823)
Credit losses	(1,120,443)	(956,431)
Impairment losses on other assets	–	(6,027)
	<hr/>	<hr/>
Profit before taxation	1,044,572	878,530
Income tax expense	(97,397)	(81,727)
	<hr/>	<hr/>
Net profit	947,175	796,803
	<hr/> <hr/>	<hr/> <hr/>
Profit attributable to:		
Equity shareholders of the Bank	910,066	785,669
Non-controlling interests	37,109	11,134
	<hr/> <hr/>	<hr/> <hr/>
Basic and diluted earnings per share (in RMB)	0.16	0.15
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Bank of Qingdao Co., Ltd.**Unaudited consolidated statement of profit or loss and other comprehensive income**

for the period from 1 January 2023 to 31 March 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

	Period from 1 January to 31 March	
	2023	2022
	(unaudited)	(unaudited)
Net profit for the period	947,175	796,803
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
– Remeasurement of defined benefit liability	158	–
Items that may be reclassified subsequently to profit or loss		
– Changes in fair value of financial assets measured at fair value through other comprehensive income	(73,507)	(103,263)
– Credit impairment provision of financial assets measured at fair value through other comprehensive income	70,540	26,804
Other comprehensive income, net of tax	(2,809)	(76,459)
Total comprehensive income	944,366	720,344
Total comprehensive income attributable to:		
Equity shareholders of the Bank	907,257	709,210
Non-controlling interests	37,109	11,134

Bank of Qingdao Co., Ltd.**Unaudited consolidated statement of financial position**

as at 31 March 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

	31 March 2023 (unaudited)	31 December 2022 (audited)
Assets		
Cash and deposits with central banks	29,792,472	27,825,306
Deposits with banks and other financial institutions	4,189,781	2,301,037
Placements with banks and other financial institutions	10,708,195	8,432,022
Derivative financial assets	97,633	108,376
Loans and advances to customers	276,262,198	262,518,662
Financial investments:		
– Financial investments measured at fair value through profit or loss	44,886,001	47,259,762
– Financial investments measured at fair value through other comprehensive income	103,003,646	96,678,701
– Financial investments measured at amortised cost	55,988,895	58,202,665
Long-term receivables	16,100,748	15,280,949
Property and equipment	3,436,958	3,466,386
Right-of-use assets	850,071	826,958
Deferred tax assets	3,624,977	3,446,343
Other assets	3,345,667	3,266,825
Total assets	<u>552,287,242</u>	<u>529,613,992</u>
Liabilities		
Borrowings from central banks	15,390,870	13,256,605
Deposits from banks and other financial institutions	2,376,486	6,439,660
Placements from banks and other financial institutions	18,283,202	17,808,095
Derivative financial liabilities	145,126	188,147
Financial assets sold under repurchase agreements	33,504,909	25,634,354
Deposits from customers	364,923,271	348,043,307
Income tax payable	1,018,445	703,876
Debt securities issued	74,662,797	74,866,951
Lease liabilities	534,199	515,043
Other liabilities	3,910,276	5,564,659
Total liabilities	<u>514,749,581</u>	<u>493,020,697</u>

Bank of Qingdao Co., Ltd.**Unaudited consolidated statement of financial position (continued)**

as at 31 March 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

	31 March 2023 (unaudited)	31 December 2022 (audited)
Equity		
Share capital	5,820,355	5,820,355
Other equity instruments		
Including: perpetual bonds	6,395,783	6,395,783
Capital reserve	10,687,634	10,687,634
Surplus reserve	2,388,248	2,388,248
General reserve	6,618,047	6,618,047
Other comprehensive income	80,917	83,726
Retained earnings	4,732,585	3,822,519
	<hr/>	<hr/>
Total equity attributable to equity shareholders of the Bank	36,723,569	35,816,312
Non-controlling interests	814,092	776,983
	<hr/>	<hr/>
Total equity	37,537,661	36,593,295
	<hr/>	<hr/>
Total liabilities and equity	552,287,242	529,613,992
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Approved and authorized for issue by the board of directors on 28 April 2023.

Jing Zailun
*Legal Representative
(Chairman)*

Wu Xianming
President

Chen Shuang
*Vice President in charge of
finance function*

Li Zhenguo
*General Manager of Financial
Planning Department*

(Company Stamp)

Bank of Qingdao Co., Ltd.**Unaudited consolidated cash flow statement**

for the period from 1 January 2023 to 31 March 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

	Period from 1 January to 31 March	
	2023	2022
	(unaudited)	(unaudited)
Cash flows from operating activities		
Profit before taxation	1,044,572	878,530
<i>Adjustments for:</i>		
Credit losses	1,120,443	956,431
Impairment losses on other assets	–	6,027
Depreciation and amortisation	141,661	132,639
Unrealised foreign exchange losses	21,563	34,239
Net losses on disposal of property and equipment, intangible assets and other assets	123	385
Gains from changes in fair value	(92,708)	(60,022)
Net gains arising from investment	(350,358)	(321,950)
Interest expense on debt securities issued	487,486	748,360
Interest income from financial investment	(1,320,204)	(1,258,419)
Others	(472)	(2,866)
	1,052,106	1,113,354
<i>Changes in operating assets</i>		
Net decrease in deposits with central bank	228,332	112,422
Net increase in loans and advances to customers	(14,702,719)	(11,872,586)
Net increase in deposits with banks and other financial institutions	(100,000)	(300,000)
Net increase in placements with banks and other financial institutions	(1,700,000)	(4,750,000)
Net decrease in financial assets held under resale agreements	–	10,804,380
Net increase in long-term receivables	(871,587)	(2,986,117)
Net decrease/(increase) in other operating assets	218,512	(202,949)
	(16,927,462)	(9,194,850)

Bank of Qingdao Co., Ltd.**Unaudited consolidated cash flow statement (continued)**

for the period from 1 January 2023 to 31 March 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

	Period from 1 January to 31 March	
	2023	2022
	(unaudited)	(unaudited)
Cash flows from operating activities (continued)		
<i>Changes in operating liabilities</i>		
Net increase/(decrease) in borrowings from central bank	2,141,303	(164,949)
Net increase/(decrease) in deposits from customers	16,380,168	(4,517,895)
Net decrease in deposits from banks and other financial institutions	(4,048,897)	(3,302,080)
Net increase in placements from banks and other financial institutions	510,991	1,153,407
Net increase/(decrease) in financial assets sold under repurchase agreements	8,108,663	(2,769,525)
Net (decrease)/increase in other operating liabilities	(1,267,608)	2,046,664
	21,824,620	(7,554,378)
	(18,209)	(114,290)
<i>Income tax paid</i>	(18,209)	(114,290)
Net cash flows generated from/(used in) operating activities	5,931,055	(15,750,164)
Cash flows from investing activities		
Proceeds from disposal and redemption of investments	15,092,970	18,164,946
Cash received from investment gains and interest	1,642,412	1,722,303
Proceeds from disposal of property and equipment, intangible assets and other assets	91	322
Payments on acquisition of investments	(17,182,916)	(32,083,809)
Payments on acquisition of property and equipment, intangible assets and other assets	(56,161)	(92,416)
Net cash flows used in investing activities	(503,604)	(12,288,654)

Bank of Qingdao Co., Ltd.**Unaudited consolidated cash flow statement (continued)**

for the period from 1 January 2023 to 31 March 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

	Period from 1 January to 31 March	
	2023	2022
	(unaudited)	(unaudited)
Cash flows from financing activities		
Cash received from investors	–	4,177,035
Net proceeds from debt securities issued	21,010,360	25,833,725
Repayment of debt securities issued	(20,966,148)	(18,171,832)
Interest paid on debt securities issued	(735,852)	(730,168)
Dividends paid	(2)	(4)
Payment of lease liabilities	(47,383)	(44,053)
Payment for other financing activities	–	(5,042)
	<hr/>	<hr/>
Net cash flows (used in)/generated from financing activities	(739,025)	11,059,661
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Effect of foreign exchange rate changes on cash and cash equivalents	(16,922)	(23,582)
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Net increase/(decrease) in cash and cash equivalents	4,671,504	(17,002,739)
Cash and cash equivalents as at 1 January	11,508,997	42,853,368
	<hr/>	<hr/>
Cash and cash equivalents as at 31 March	16,180,501	25,850,629
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Net cash flows generated from operating activities include:		
Interest received	4,180,031	3,701,590
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Interest paid	(1,929,853)	(1,593,876)
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By order of the Board
Bank of Qingdao Co., Ltd.*
Jing Zailun
Chairman

Qingdao, Shandong Province, the PRC
28 April 2023

As at the date of this announcement, the Board comprises Mr. Jing Zailun, Mr. Wu Xianming and Mr. Liu Peng as executive directors; Mr. Zhou Yunjie, Mr. Rosario Strano, Ms. Tan Lixia, Mr. Marco Mussita and Mr. Deng Youcheng as non-executive directors; Mr. Simon Cheung, Ms. Fang Qiaoling, Mr. Xing Lecheng and Mr. Zhang Xu and Mr. Cheung Man Chor, Elton as independent non-executive directors.

* *Bank of Qingdao Co., Ltd. is not an authorized institution within the meaning of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorized to carry on banking and/or deposit-taking business in Hong Kong.*