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BQD  **青島銀行**

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)

2024 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 46th meeting of the eighth session of the board of directors (the “**Board**”) of the Bank was convened on 29 April 2024 by way of remote voting. There were 14 directors eligible for attending the meeting, of whom 14 directors attended and voted at the meeting. The resolution on the 2024 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 2024	January- March 2023	Year-on-year change (%)
Operating income	3,688,178	3,089,260	19.39
Net profit attributable to shareholders of the Bank	1,080,635	910,066	18.74
Basic earnings per share (RMB/share) ⁽¹⁾	0.19	0.16	18.75
Diluted earnings per share (RMB/share) ⁽¹⁾	0.19	0.16	18.75
Net cash flows generated from operating activities	(4,190,388)	5,931,055	(170.65)
Weighted average return on net assets (%) (annualized) ⁽¹⁾	12.90	12.19	Increased by 0.71 percentage point
Item	31 March 2024	31 December 2023	Change from the end of last year (%)
Total assets	623,070,530	607,985,372	2.48
Total liabilities	581,427,787	568,046,129	2.36
Share capital	5,820,355	5,820,355	–
Equity attributable to shareholders of the Bank	40,728,237	39,063,939	4.26
Shareholders' equity	41,642,743	39,939,243	4.27
Net assets per share attributable to ordinary shareholders of the Bank (RMB/share) ⁽²⁾	5.90	5.61	5.17
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 2024)			0.19

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 perpetual bonds from July to August 2022, which were classified as other equity instruments. In calculating weighted average return on net assets, the effect of the 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 2024.

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 2024 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 2024	Year-on-year change (%)	Main reason
Net cash flows generated from operating activities	(4,190,388)	(170.65)	Decrease of financial assets sold under repurchase agreements

II. PRINCIPAL REGULATORY INDICATORS AND SUPPLEMENTARY FINANCIAL INDICATORS

1. Key indicators

Indicator	31 March 2024	31 December 2023	31 December 2022	31 December 2021
Capital adequacy ratio (%) ⁽¹⁾	13.46	12.79	13.56	15.83
Tier-one capital adequacy ratio (%) ⁽¹⁾	10.68	10.10	10.69	11.04
Core tier-one capital adequacy ratio (%) ⁽¹⁾	8.98	8.42	8.75	8.38
Provision coverage ratio (%)	232.35	225.96	219.77	197.42
Loan provision ratio (%)	2.73	2.67	2.65	2.64
Normal loan migration rate (%) ⁽²⁾	0.31	1.00	1.01	1.07
Special mention loan migration rate (%) ⁽²⁾	34.38	40.19	43.54	78.54
Substandard loan migration rate (%) ⁽²⁾	11.52	32.47	22.43	19.28
Doubtful loan migration rate (%) ⁽²⁾	21.79	23.54	3.19	2.45
Return on average total assets (%) (annualized) ⁽³⁾	0.73	0.65	0.60	0.61
Cost-to-income ratio (%) ⁽⁴⁾	25.69	34.93	34.95	33.90
Net interest spread (%) (annualized) ⁽⁵⁾	1.83	1.85	1.85	1.87
Net interest margin (%) (annualized) ⁽⁵⁾	1.77	1.83	1.76	1.79

Indicator	Regulatory standard	31 March 2024	31 December 2023	31 December 2022	31 December 2021
Leverage ratio (%) ⁽⁶⁾	≥4	6.07	5.83	6.07	5.87
Liquidity coverage ratio (%)	≥100	178.14	158.11	122.83	179.54
Liquidity ratio (%)	≥25	89.04	78.23	88.21	73.28
Non-performing loan ratio (%)	≤5	1.18	1.18	1.21	1.34

Notes:

- (1) The relevant indicators of capital adequacy ratio as at 31 March 2024 were calculated in accordance with the Administrative Measures for the Capital of Commercial Banks (《商業銀行資本管理辦法》) and other relevant regulatory provisions. The regulatory requirements of capital adequacy ratio indicators are as follows: the minimum requirements for core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio are 5%, 6% and 8% respectively. On the basis of the minimum capital requirements, commercial banks should accrue reserve capital, which is 2.5% of risk-weighted assets, and met by core tier-one capital; in addition, on the basis of the minimum capital requirements and reserve capital requirements, regulatory authorities have the right to require commercial banks to accrue countercyclical capital and make more prudent capital requirements under the second pillar framework. The relevant indicators of capital adequacy ratio as at the end of 2021, 2022 and 2023 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 the end of 2021, 2022 and 2023 were calculated in accordance with the requirements of the Notice of the CBIRC on Revising the Definition for December 31, 2021 and Calculation Formula of Basic Indicators for Off-site Regulation of the Banking Industry (Yin Bao 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》(銀保監發[2022]年2號)). Since that there was a large deviation from the actual situation after the indicator of quarterly migration rate was multiplied by the annual discount coefficient, the migration rate indicator at the end of the quarter listed in the above table was calculated in accordance with the data of the current quarter, which, after multiplying the indicator by the annual discount coefficient, was 1.23% for normal loans migration rate, 137.54% for special mention loan migration rate, 46.07% for substandard loan migration rate, and 87.18% for doubtful loan migration rate.
- (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.
- (6) The indicators of leverage ratio as at 31 March 2024 were calculated in accordance with the Administrative Measures for the Capital of Commercial Banks (《商業銀行資本管理辦法》) and other relevant regulatory provisions. Those indicators as at the end of 2021, 2022 and 2023 were calculated in accordance with the Measures on Leverage Ratio Management of Commercial Banks (Revised) 《商業銀行槓桿率管理辦法(修訂)》 and other relevant regulatory provisions.

2. Loans to and deposits from customers

Unit: RMB thousand

Item	31 March 2024	31 December 2023	Change from the end of last year (%)
Loans and advances to customers:			
Corporate loans	238,074,104	221,005,776	7.72
Personal loans	78,966,616	79,083,765	(0.15)
Total loans to customers	317,040,720	300,089,541	5.65
Add: Accrued interest	893,650	758,512	17.82
Less: Provision for impairment on loans and advances to customers measured at amortized cost	(8,394,837)	(7,855,127)	6.87
Loans and advances to customers	309,539,533	292,992,926	5.65
Provision for loan impairment	(8,665,503)	(7,997,497)	8.35
Of which: Impairment provision for loans and advances to customers at fair value through other comprehensive income	(270,666)	(142,370)	90.11
Deposits from customers:			
Corporate deposits	193,265,551	197,228,438	(2.01)
Personal deposits	196,751,860	188,443,994	4.41
Other deposits ^(Note)	92,226	389,827	(76.34)
Total customer deposits	390,109,637	386,062,259	1.05
Add: Accrued interest	10,039,009	9,405,100	6.74
Deposits from customers	400,148,646	395,467,359	1.18

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 2024		31 December 2023	
	The Company	The Bank	The Company	The Bank
Net core tier-one capital	34,342,315	30,793,571	32,404,879	28,973,603
Net tier-one capital	40,823,971	37,189,354	38,888,648	35,369,386
Net capital base	51,441,091	47,412,332	49,247,594	45,345,074
Total risk weighted assets	382,272,141	362,174,826	384,977,512	366,416,657
Core tier-one capital adequacy ratio (%)	8.98	8.50	8.42	7.91
Tier-one capital adequacy ratio (%)	10.68	10.27	10.10	9.65
Capital adequacy ratio (%)	13.46	13.09	12.79	12.38

4. Leverage ratio

Unit: RMB thousand

Item	31 March 2024	31 December 2023	30 September 2023	30 June 2023
Leverage ratio (%)	6.07	5.83	6.01	6.07
Net tier-one capital	40,823,971	38,888,648	38,306,159	38,012,016
Balance of assets on and off balance sheet after adjustments	672,332,057	667,130,428	637,124,318	625,903,430

5. Liquidity coverage ratio

Unit: RMB thousand

Item	31 March 2024	31 December 2023
Liquidity coverage ratio (%)	178.14	158.11
Qualified and high-quality current assets	94,423,210	75,270,402
Net cash outflows in next 30 days	53,005,150	47,606,972

6. Loans by five categories

Unit: RMB thousand

Five categories	31 March 2024		31 December 2023		Change from the end of last year (%)
	Amount	% of total	Amount	% of total	
Normal	311,770,311	98.33	294,922,238	98.28	5.71
Special mention	1,540,920	0.49	1,627,944	0.54	(5.35)
Substandard	1,955,284	0.62	1,675,737	0.56	16.68
Doubtful	716,670	0.23	711,995	0.24	0.66
Loss	1,057,535	0.33	1,151,627	0.38	(8.17)
Total loans to customers	317,040,720	100.00	300,089,541	100.00	5.65

In accordance with the requirements of Administrative Measures for the Capital of Commercial Banks and its related appendixes, the third pillar information disclosure report of the Company is detailed disclosed in the “Investor Relations” section of the Bank’s website (<http://www.qdccb.com/>).

III. ANALYSIS OF OPERATING RESULTS

The year 2024 is a pivotal year for achieving the objectives and tasks set out in the 14th Five-Year Plan, as well as a crucial year for the Company to make progress in the implementation of our new three-year strategic plan. In the first quarter of 2024, adhering to the annual operational guiding principles of “deepening strategies, strengthening features, optimizing mechanisms, and refining management”, the Company has made deep progress in high-quality development. The business scale of the Company has grown steadily, the quality and efficiency of operations have improved robustly, and the full-year performance has an outstanding opening.

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

As at the end of March 2024, the total assets of the Company amounted to RMB623.071 billion, representing an increase of RMB15.085 billion or 2.48% as compared with that at the end of last year; the total liabilities amounted to RMB581.428 billion, representing an increase of RMB13.382 billion or 2.36% as compared with that at the end of last year. During the reporting period, the Company actively optimized the structure of interest-bearing assets and increased loan issuance. As of the end of March 2024, the total loans to customers amounted to RMB317.041 billion, representing an increase of RMB16.951 billion, or 5.65% as compared with that at the end of last year, and a year-on-year increase of RMB33.854 billion or 11.95%; which accounts for 50.88% of total assets, representing an increase of 1.52 percentage points as compared with that at the end of last year. The total customer deposits amounted to RMB390.11 billion, representing an increase of RMB4.047 billion or 1.05% as compared with that at the end of last year, and a year-on-year increase of RMB32.382 billion or 9.05%.

Profitability improved steadily, leading to satisfactory business performance.

In the first quarter of 2024, the Company achieved a net profit attributable to shareholders of the Bank of RMB1.081 billion, representing a year-on-year increase of RMB171 million or 18.74%; operating income amounted to RMB3.688 billion, representing a year-on-year increase of RMB599 million or 19.39%; the weighted average return on net assets (annualized) was 12.90%, representing a year-on-year increase of 0.71 percentage point. During the reporting period, the Company actively responded to operational challenges such as narrowing net interest margins. By deepening cost reduction and efficiency improvement measures, the revenue growth is higher than related expenses, thereby achieving an increase in net profits and enhanced profitability. In terms of revenue, while continuing to expand the scale of interest-earning assets, the Company increased the proportion of loans, and reduced the cost of liabilities, resulting in steady growth in net interest income. The Bank vigorously developed intermediary businesses such as transactional banking and investment banking, and with the increase in the bond market, financial investment valuation income also increased, leading to faster growth in non-interest net income. In the first quarter of 2024, net interest income amounted to RMB2.367 billion, representing a year-on-year increase of RMB169 million or 7.70%. Net non-interest income amounted to RMB1.321 billion, representing a year-on-year increase of RMB430 million or 48.18%, of which: net fee and commission income amounted to RMB531 million, representing a year-on-year increase of RMB56 million; net investment income amounted to RMB808 million, representing a year-on-year increase of RMB364 million. In terms of related expenses, credit impairment losses amounted to RMB1.39 billion, representing a year-on-year increase of RMB270 million, which is coping with the growth of assets and their risk profile.

The quality of loans remained stable, and the main regulatory indicators met the requirements.

As at the end of March 2024, the non-performing loan ratio of the Company was 1.18%, the same as the end of the last year; the provision coverage ratio was 232.35%, representing an increase of 6.39 percentage points as compared with that at the end of last year; the core tier-one capital adequacy ratio was 8.98%, representing an increase of 0.56 percentage point as compared with that at the end of last year; the capital adequacy ratio was 13.46%, representing an increase of 0.67 percentage point as compared with that at the end of last year. All the principal regulatory indicators met regulatory requirements. During the reporting period, the Company accelerated the promotion of a capital-intensive development model, continuously strengthening endogenous capital supplementation and increasing net capital at all levels. Meanwhile, under the positive impact of the implementation of the new capital regulations, the capital adequacy ratios at all levels have been improved.

Financial support measures for enterprises continued to be improved, with greater emphasis on supporting private enterprises and small and micro enterprises.

The Bank closely followed the national policy guidance and seriously implemented the policy requirements of financial support for the real economy, considering the support for the development of private enterprises and small and micro enterprises as an important connotation and implementation path for high-quality development. Firstly, we have established an inclusive and specialized operating mechanism to allocate financial resources in favor of small and micro enterprises. Secondly, we have enriched the means of serving private enterprises through innovative product development. Thirdly, we have expanded cooperation channels to build inclusive business platforms. Fourthly, we have accelerated digital transformation and launched online inclusive loans. As at the end of March 2024, the balance of loans to private enterprises was RMB78.575 billion, representing an increase of RMB6.116 billion or 8.44% as compared with that at the end of last year; the balance of inclusive loans to small and micro enterprises (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) was RMB37.866 billion, representing an increase of RMB4.020 billion or 11.88% 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

1.1 Number of shareholders and shareholdings of the Bank

Unit: Share

Total number of ordinary shareholders as at the end of the reporting period	61,600	Total number of preference shareholders with voting rights restored as at the end of the reporting period (if any)	-				
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	Status of shares	Shares pledged, marked or frozen	Number
HKSCC Nominees Limited	Overseas legal entity	21.87%	1,272,955,994	-	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%	123,457,855	-	-	-	-
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	-	-	-	-
Guosen Securities Co., Ltd. (國信證券股份有限公司)	State-owned legal entity	1.18%	68,574,752	-	-	-	-

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	1,272,955,994	Overseas listed foreign shares	1,272,955,994
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 Hairen 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 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)	123,457,855	RMB ordinary shares	123,457,855
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
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)	68,574,752	RMB ordinary shares	68,574,752

**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 61,452 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.

1.2 Participation of Shareholders holding more than 5% of the shares, the top 10 Shareholders and the top 10 Shareholders not subject to restrictions on sale in lending shares in the margin refinancing business

The Bank was unaware of the circumstances of the shareholders represented by HKSCC Nominees Limited participating in the shares lent under margin refinancing business. None of the other shareholders who hold more than 5% of the shares, the top 10 shareholders, or the other shareholders among the top 10 shareholders not subject to restrictions on sale of the Bank have participated in the shares lent under margin refinancing business as of the beginning and end of the reporting period.

1.3 Change in the top 10 Shareholders and the top 10 Shareholders not subject to restrictions on sale from the previous period due to lending/returning shares in the margin refinancing business

Compared with the end of 2023, the changes in the top 10 shareholders and the top 10 shareholders not subject to restrictions on sale as of the end of the first quarter of 2024 of the Bank were not related to shareholders' participation in the margin refinancing business.

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 were no de facto controllers and acquirers of the Bank. In the first quarter of 2024, 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 2023 annual report and 2023 interim report of the Bank.

II. RECEPTION OF ACTIVITIES SUCH AS SURVEYS, COMMUNICATIONS AND INTERVIEWS

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 HKEXnews website of The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk/>) and the website of the Bank (<http://www.qdccb.com/>). Quarterly report prepared according to the Chinese Accounting Standards for Business Enterprise is also simultaneously published on the website of the Shenzhen Stock Exchange (<http://www.szse.cn/>) 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 2024 to 31 March 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

	Period from 1 January to 31 March	
	2024	2023
	(unaudited)	(unaudited)
Interest income	5,496,397	5,009,883
Interest expense	<u>(3,129,501)</u>	<u>(2,812,285)</u>
Net interest income	<u>2,366,896</u>	<u>2,197,598</u>
Fee and commission income	662,343	593,880
Fee and commission expense	<u>(131,745)</u>	<u>(119,304)</u>
Net fee and commission income	<u>530,598</u>	<u>474,576</u>
Net trading losses	(40,777)	(32,544)
Net gains arising from investments	808,084	443,857
Other operating income	<u>23,377</u>	<u>5,773</u>
Operating income	3,688,178	3,089,260
Operating expenses	(990,763)	(924,245)
Expected credit losses	<u>(1,390,023)</u>	<u>(1,120,443)</u>
Profit before taxation	1,307,392	1,044,572
Income tax expense	<u>(187,555)</u>	<u>(97,397)</u>
Net profit for the period	<u>1,119,837</u>	<u>947,175</u>
Net profit attributable to:		
Equity shareholders of the Bank	1,080,635	910,066
Non-controlling interests	<u>39,202</u>	<u>37,109</u>
Basic and diluted earnings per share (in RMB)	<u>0.19</u>	<u>0.16</u>

Bank of Qingdao Co., Ltd.**Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income**

for the period from 1 January 2024 to 31 March 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

	Period from 1 January to 31 March	
	2024	2023
	(unaudited)	(unaudited)
Net profit for the period	1,119,837	947,175
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
– Remeasurement of defined benefit liability	(4,440)	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	491,026	(73,507)
– Credit losses of financial assets measured at fair value through other comprehensive income	97,077	70,540
Other comprehensive income, net of tax	583,663	(2,809)
Total comprehensive income for the period	1,703,500	944,366
Total comprehensive income attributable to:		
Equity shareholders of the Bank	1,664,298	907,257
Non-controlling interests	39,202	37,109

Bank of Qingdao Co., Ltd.**Unaudited Consolidated Statement of Financial Position**

as at 31 March 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

	31 March 2024 (unaudited)	31 December 2023 (audited)
Assets		
Cash and deposits with the central bank	32,894,111	31,043,664
Deposits with banks and other financial institutions	2,715,595	2,210,368
Placements with banks and other financial institutions	13,248,024	14,021,225
Derivative financial assets	87,613	149,377
Financial assets held under resale agreements	9,993,440	13,944,652
Loans and advances to customers	309,539,533	292,992,926
Financial investments:		
– Financial investments measured at fair value through profit or loss	61,612,058	58,269,523
– Financial investments measured at fair value through other comprehensive income	111,543,198	114,985,134
– Financial investments measured at amortised cost	52,150,434	52,756,509
Long-term receivables	17,314,538	16,741,773
Property and equipment	3,483,021	3,540,989
Right-of-use assets	825,068	838,139
Deferred tax assets	3,700,244	3,793,887
Other assets	3,963,653	2,697,206
Total assets	623,070,530	607,985,372
Liabilities		
Borrowings from the central bank	19,793,958	18,235,088
Deposits from banks and other financial institutions	7,503,835	2,242,331
Placements from banks and other financial institutions	24,316,602	21,090,364
Financial liabilities measured at fair value through profit or loss	808,258	–
Derivative financial liabilities	60,272	71,107
Financial assets sold under repurchase agreements	28,493,630	36,880,567
Deposits from customers	400,148,646	395,467,359
Income tax payable	584,285	477,981
Debt securities issued	91,686,242	89,269,785
Lease liabilities	547,165	555,035
Other liabilities	7,484,894	3,756,512
Total liabilities	581,427,787	568,046,129

Bank of Qingdao Co., Ltd.**Unaudited Consolidated Statement of Financial Position (Continued)**

as at 31 March 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

	31 March 2024 (unaudited)	31 December 2023 (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	2,718,114	2,718,114
General reserve	7,483,824	7,483,824
Other comprehensive income	1,530,874	947,211
Retained earnings	<u>6,091,653</u>	<u>5,011,018</u>
Total equity attributable to equity shareholders of the Bank	40,728,237	39,063,939
Non-controlling interests	<u>914,506</u>	<u>875,304</u>
Total equity	<u><u>41,642,743</u></u>	<u><u>39,939,243</u></u>
Total liabilities and equity	<u><u>623,070,530</u></u>	<u><u>607,985,372</u></u>

Approved and authorised for issue by the Board on 29 April 2024.

Jing Zailun
Legal Representative
(Chairman)

Wu Xianming
President

Chen Shuang
Vice President in charge of
finance function

Li Zhenguo
General Manager of the
Financial Planning Department

(Company Stamp)

Bank of Qingdao Co., Ltd.**Unaudited Consolidated Cash Flow Statement**

for the period from 1 January 2024 to 31 March 2024

*(Expressed in thousands of Renminbi, unless otherwise stated)***Period from 1 January to 31 March**

	2024	2023
	(unaudited)	(unaudited)
Cash flows from operating activities		
Profit before taxation	1,307,392	1,044,572
<i>Adjustments for:</i>		
Expected credit losses	1,390,023	1,120,443
Depreciation and amortisation	148,482	141,661
Unrealised foreign exchange losses	43,518	21,563
Net (gains)/losses on disposal of property and equipment, intangible assets and other assets	(14,029)	123
Gains from changes in fair value	(446,358)	(92,708)
Net gains arising from investments	(358,402)	(350,358)
Interest expense on debt securities issued	614,080	487,486
Interest income from financial investments	(1,352,139)	(1,320,204)
Others	(7,012)	(472)
	1,325,555	1,052,106
<i>Changes in operating assets</i>		
Net (increase)/decrease in deposits with the central bank	(670,794)	228,332
Net decrease/(increase) in deposits with banks and other financial institutions	250,000	(100,000)
Net increase in placements with banks and other financial institutions	(600,000)	(1,700,000)
Net decrease in financial assets held under resale agreements	3,950,000	–
Net increase in loans and advances to customers	(17,409,179)	(14,702,719)
Net increase in long-term receivables	(614,079)	(871,587)
Net (increase)/decrease in other operating assets	(864,731)	218,512
	(15,958,783)	(16,927,462)

Bank of Qingdao Co., Ltd.**Unaudited Consolidated Cash Flow Statement (Continued)**

for the period from 1 January 2024 to 31 March 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

	Period from 1 January to 31 March	
	2024	2023
	(unaudited)	(unaudited)
Cash flows from operating activities (continued)		
<i>Changes in operating liabilities</i>		
Net increase in borrowings from the central bank	1,647,507	2,141,303
Net increase/(decrease) in deposits from banks and other financial institutions	5,260,599	(4,048,897)
Net increase in placements from banks and other financial institutions	2,959,275	510,991
Net (decrease)/increase in financial assets sold under repurchase agreements	(8,381,954)	8,108,663
Net increase in deposits from customers	4,047,379	16,380,168
Net increase/(decrease) in other operating liabilities	5,087,473	(1,267,608)
	10,620,279	21,824,620
<i>Income tax paid</i>	(177,439)	(18,209)
Net cash flows (used in)/generated from operating activities	(4,190,388)	5,931,055
Cash flows from investing activities		
Cash received from disposal and redemption of investments	14,570,331	15,092,970
Cash received from investment gains and interest	1,965,321	1,642,412
Cash received from disposal of property and equipment, intangible assets and other assets	33,124	91
Payments for acquisition of investments	(11,093,765)	(17,182,916)
Payments for acquisition of property and equipment, intangible assets and other assets	(64,271)	(56,161)
Net cash flows generated from/(used in) investing activities	5,410,740	(503,604)

Bank of Qingdao Co., Ltd.**Unaudited Consolidated Cash Flow Statement (Continued)**

for the period from 1 January 2024 to 31 March 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

	Period from 1 January to 31 March	
	2024	2023
	(unaudited)	(unaudited)
Cash flows from financing activities		
Cash received from debt securities issued	32,034,377	21,010,360
Repayment of debt securities issued	(29,580,838)	(20,966,148)
Interest paid on debt securities issued	(651,162)	(735,852)
Payments for dividends	(2)	(2)
Payment for lease liabilities	(37,889)	(47,383)
Net cash flows generated from/(used in) financing activities	1,764,486	(739,025)
Effect of foreign exchange rate changes on cash and cash equivalents	(929)	(16,922)
Net increase in cash and cash equivalents	2,983,909	4,671,504
Cash and cash equivalents as at 1 January	15,596,772	11,508,997
Cash and cash equivalents as at 31 March	18,580,681	16,180,501
Net cash flows generated from operating activities include:		
Interest received	4,554,887	4,180,031
Interest paid	(1,937,281)	(1,929,853)

By order of the Board
Bank of Qingdao Co., Ltd.*
Jing Zailun
Chairman

Qingdao, Shandong Province, the PRC
29 April 2024

As at the date of this announcement, the Board comprises Mr. Jing Zailun, Mr. Wu Xianming, Ms. Chen Shuang 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; Ms. Fang Qiaoling, Mr. Xing Lecheng, Mr. Zhang Xu, Mr. Cheng Man chor, Elton and Mr. Du Ning 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.*