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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)**

**(Preference Shares Stock Code: 4611)**

## **2021 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). Unless otherwise specified, the amounts stated in this announcement are expressed in Renminbi (RMB).

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

### **SECTION I IMPORTANT NOTICE**

- I. The board of directors, board of supervisors, directors, supervisors and senior management of the Bank ensure 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.
- II. The 45th meeting of the seventh session of the board of directors of the Bank convened on 29 April 2021 by way of communication voting. There were 13 directors eligible for attending the meeting, of whom 13 directors attended and voted at the meeting. As the number of shares of the Bank pledged by the relevant shareholder has exceeded 50% of shares held by it, the voting rights of the director, Mr. Choi Chi Kin, Calvin, designated by it on the board of directors were restricted according to relevant regulations of the China Banking and Insurance Regulatory Commission. The resolution on the 2021 first quarterly report of Bank of Qingdao Co., Ltd. was considered and approved at the meeting.
- III. The Bank’s chairman Mr. Guo Shaoquan, president Mr. Wang Lin and head of planning and finance department Mr. Meng Dageng assure the authenticity, accuracy and completeness of the financial statements in this quarterly report.
- IV. The financial statements in this quarterly report were prepared in accordance with the International Financial Reporting Standards (“**IFRSs**”) and are unaudited. IFRSs refer to the International Financial Reporting Standards issued by the International Accounting Standards Board; and the International Financial Reporting Standards include the International Accounting Standards.
- V. In this report, the “**Company**” refers to Bank of Qingdao Co., Ltd. and its subsidiaries and branches, and the “**Bank**” refers to Bank of Qingdao Co., Ltd. and its branches. Unless otherwise stated, the data in this report is the consolidated data of the Company.

## SECTION II BASIC INFORMATION

### I. PRINCIPAL ACCOUNTING DATA AND FINANCIAL INDICATORS

#### 1. Key data and indicators

*Expressed in thousands of Renminbi, unless otherwise stated*

Item	January- March 2021	January- March 2020	Year-on-year change (%)
Operating income <sup>(1)</sup>	<b>2,841,252</b>	2,932,601	(3.11)
Net profit attributable to shareholders of the Bank	<b>645,407</b>	554,768	16.34
Basic earnings per share (RMB/share) <sup>(2)</sup>	<b>0.14</b>	0.12	16.67
Diluted earnings per share (RMB/share) <sup>(2)</sup>	<b>0.14</b>	0.12	16.67
Net cash flows generated from operating activities	<b>(27,309,810)</b>	(7,379,383)	(270.08)
Weighted average return on net assets (%) (annualised) <sup>(2)</sup>	<b>11.30</b>	9.86	Increased by 1.44 percentage points
Item	31 March 2021	31 December 2020	Change from the end of last year (%)
Total assets	<b>464,972,502</b>	459,827,605	1.12
Loans and advances to customers:			
Corporate loans	<b>159,584,776</b>	145,992,125	9.31
Personal loans	<b>64,421,130</b>	60,755,096	6.03
Total loans to customers	<b>224,005,906</b>	206,747,221	8.35
Add: Accrued interest	<b>850,571</b>	899,064	(5.39)
Less: Provision for impairment losses of loans and advances to customers measured at amortised cost	<b>(5,868,398)</b>	(5,287,801)	10.98
Loans and advances to customers	<b>218,988,079</b>	202,358,484	8.22
Provision for loan impairment	<b>(5,883,320)</b>	(5,302,582)	10.95
Of which: Impairment provision for loans and advances to customers at fair value through other comprehensive income	<b>(14,922)</b>	(14,781)	0.95
Total liabilities	<b>433,203,962</b>	428,920,747	1.00
Deposits from customers:			
Corporate deposits	<b>178,350,137</b>	183,447,242	(2.78)
Personal deposits	<b>96,435,928</b>	88,339,315	9.17
Other deposits <sup>(3)</sup>	<b>179,887</b>	444,927	(59.57)
Total deposits from customers	<b>274,965,952</b>	272,231,484	1.00
Add: Accrued interest	<b>3,671,498</b>	3,519,226	4.33
Deposits from customers	<b>278,637,450</b>	275,750,710	1.05

Item	31 March 2021	31 December 2020	Change from the end of last year (%)
Share capital	4,509,690	4,509,690	–
Equity attributable to shareholders of the Bank	31,130,514	30,285,174	2.79
Shareholders' equity	31,768,540	30,906,858	2.79
Net assets per share attributable to ordinary shareholders of the Bank (RMB/share) <sup>(4)</sup>	5.16	4.97	3.82
Total share capital of the Bank as of the trading day before the disclosure (share)			4,509,690,000
Preference share dividend paid (RMB) <sup>(5)</sup>			–
Fully diluted earnings per share calculated using the latest share capital (RMB/share in aggregate from January to March)			0.14

*Notes:*

- (1) According to relevant requirements of the Notice on Strictly Implementing Accounting Standards for Enterprises and Effectively Strengthening the Work of Enterprises' 2020 Annual Reports (《關於嚴格執行企業會計準則切實加強企業2020年年報工作的通知》) promulgated by the Ministry of Finance of the People's Republic of China, China Securities Regulatory Commission, State-owned Assets Supervision and Administration Commission of the State Council and China Banking and Insurance Regulatory Commission in January 2021 (Cai Kuai[2021] No. 2) (the "Cai Kuai[2021] No. 2 Document"), the Company reclassified the credit card installment income for the same period of 2020 from fee and commission income to interest income.
- (2) 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)). In the first quarter of 2021, weighted average return on net assets (annualised) increased by 1.44 percentage points year-on-year, mainly resulting from the increase in net profit attributable to ordinary shareholders of the Bank. The Bank issued offshore preference shares in September 2017. Therefore, in calculating weighted average return on net assets, the effect from preference shares has been deducted from the "weighted average net assets".
- (3) Other deposits include outward remittance and remittance payables as well as fiscal deposits to be transferred.
- (4) Net assets per share attributable to ordinary shareholders of the Bank = (equity attributable to shareholders of the Bank – other equity instrument)/the number of ordinary shares at the end of the period.
- (5) The Bank did not pay preference share dividend in the first quarter of 2021.

## **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 2021 and the equity attributable to shareholders of the Bank at the end of the reporting period.

## II. PRINCIPAL REGULATORY INDICATORS AND SUPPLEMENTARY FINANCIAL INDICATORS

### 1. Principal indicators

Indicator	Regulatory indicator	31 March 2021	31 December 2020	31 December 2019	31 December 2018
Capital adequacy ratio (%) <sup>(1)</sup>	≥10.5	<b>15.59</b>	14.11	14.76	15.68
Tier-one capital adequacy ratio (%) <sup>(1)</sup>	≥8.5	<b>11.31</b>	11.31	11.33	11.82
Core tier-one capital adequacy ratio (%) <sup>(1)</sup>	≥7.5	<b>8.44</b>	8.35	8.36	8.39
Leverage ratio (%)	≥4	<b>6.17</b>	6.14	7.46	7.92
Liquidity coverage ratio (%)	≥100	<b>164.98</b>	152.42	142.27	125.95
Liquidity ratio (%)	≥25	<b>75.41</b>	65.44	68.84	60.55
Non-performing loan ratio (%)	≤5	<b>1.51</b>	1.51	1.65	1.68
Provision coverage ratio (%)		<b>174.05</b>	169.62	155.09	168.04
Loan provision ratio (%)		<b>2.63</b>	2.56	2.56	2.82
Normal loans migration rate (%)		<b>0.35</b>	0.88	1.29	3.06
Special mention loans migration rate (%)		<b>28.55</b>	31.07	52.47	44.53
Substandard loans migration rate (%)		<b>3.05</b>	74.64	88.01	36.28
Doubtful loans migration rate (%)		<b>2.69</b>	21.91	10.91	21.41
Return on average total assets (%) (annualised) <sup>(2)</sup>		<b>0.57</b>	0.59	0.68	0.66
Cost-to-income ratio (%) <sup>(3)</sup>		<b>25.14</b>	33.59	31.86	33.01
Net interest spread (%) (annualised) <sup>(4)</sup>		<b>2.06</b>	2.14	2.10	1.67
Net interest margin (%) (annualised) <sup>(4)</sup>		<b>2.02</b>	2.13	2.13	1.63

#### Notes:

- The relevant indicators of capital adequacy ratio were calculated in accordance with the Regulation Governing Capital of Commercial Banks (Provisional) (《商業銀行資本管理辦法(試行)》) and other relevant regulatory requirements.
- Return on average total assets = net profit/average balance of total assets at the beginning and the end of the period, of which the total assets at the beginning of 2018 are the balances after the adoption of IFRS 9 – Financial Instruments, and total assets at the beginning of 2019 are the balances after the adoption of IFRS 16 – Lease. Return on average total assets (annualised) for the first quarter of 2021 decreased by 0.02 percentage point year-on-year, mainly due to the increase in asset size, and faster increase in average total assets, resulting from the Company's business development.
- Cost-to-income ratio = (operating expenses – tax and surcharges)/operating income.
- Net interest spread = average yield of interest-earning assets – average cost rate of interest-bearing liabilities, net interest margin = net interest income/average interest-earning assets. According to relevant requirements of the Cai Kuai [2021] No. 2 Document, the Company reclassified the credit card installment income for the same period of 2020 from fee and commission income to interest income. After the reclassification, the net interest spread (annualised) was 2.25% and the net interest margin (annualised) was 2.28% for the first quarter of 2020.

## 2. Capital adequacy ratio

*Unit: RMB thousand*

Item	31 March 2021		31 December 2020	
	The Company	The Bank	The Company	The Bank
Net core tier-one capital	23,218,402	21,052,138	22,384,998	20,229,932
Net tier-one capital	31,120,547	28,906,102	30,294,290	28,083,896
Net capital base	42,889,554	40,409,227	37,806,580	35,260,365
Total risk-weighted assets	275,044,567	264,857,780	267,941,143	256,336,451
Core tier-one capital adequacy ratio (%)	8.44	7.95	8.35	7.89
Tier-one capital adequacy ratio (%)	11.31	10.91	11.31	10.96
Capital adequacy ratio (%)	15.59	15.26	14.11	13.76

## 3. Leverage ratio

*Unit: RMB thousand*

Item	31 March	31 December	30 September	30 June
	2021	2020	2020	2020
Leverage ratio (%)	6.17	6.14	6.22	6.38
Net tier-one capital	31,120,547	30,294,290	30,128,413	30,593,930
Balance of assets on and off balance sheet after adjustments	504,257,463	493,361,724	484,692,986	479,894,635

## 4. Liquidity coverage ratio

*Unit: RMB thousand*

Item	31 March	31 December
	2021	2020
Liquidity coverage ratio (%)	164.98	152.42
Qualified and high-quality current assets	90,136,867	84,342,175
Net cash outflows in next 30 days	54,635,723	55,334,625

## 5. Loans by five categories

*Unit: RMB thousand*

Five categories	31 March 2021		31 December 2020		Change from the end of last year (%)
	Amount	% of total	Amount	% of total	
Normal	218,066,644	97.35	200,577,540	97.02	8.72
Special mention	2,559,067	1.14	3,043,568	1.47	(15.92)
Substandard	1,903,454	0.85	1,427,636	0.69	33.33
Doubtful	1,101,957	0.49	1,338,977	0.65	(17.70)
Loss	374,784	0.17	359,500	0.17	4.25
Total loans to customers	224,005,906	100.00	206,747,221	100.00	8.35

## III. ANALYSIS OF OPERATING RESULTS

In the first quarter of 2021, the impact of the pandemic gradually subsided, and China's economy resumed its steady pace. The Company continued to implement the state's "Stability in Six Areas" and "Six Priorities" requirements and industry regulatory requirements. Moreover, based on its specific conditions and upholding "solidifying foundation, serving the real economy, preventing and mitigating risks and improving comprehensively" as its basic operating guiding principle for the year, it strengthened the foundation for development, stabilised the total scale, continuously promoted structural adjustments, and strengthened management and control of asset quality, further enhancing operational efficiency and getting off to a good start for the annual performance.

**Total assets and liabilities remained stable and the structure continued to improve.** As at the end of March 2021, the total assets of the Company reached RMB464.973 billion, representing an increase of RMB5.145 billion or 1.12% as compared with that at the end of the previous year, and the total liabilities reached RMB433.204 billion, representing an increase of RMB4.283 billion or 1.00% as compared with that at the end of the previous year. On the basis of the steady business development in 2020, the Company continued to promote structural adjustments in the first quarter of 2021. Total loans to customers reached RMB224.006 billion, representing an increase of RMB17.259 billion or 8.35% as compared with that at the end of the previous year, accounting for 48.18% of the total assets, representing an increase of 3.22 percentage points as compared with that at the end of the previous year.

**Operational efficiency was further enhanced.** In the first quarter of 2021, the Company achieved a net profit attributable to shareholders of the Bank of RMB645 million, representing a year-on-year increase of RMB91 million or 16.34%, mainly due to the steady improvement in asset risk status and the decrease in the provision for credit impairment. Operating income remained largely stable year-on-year, mainly because the Company made fee reduction and interest concessions pursuant to state policies to support the real economy, while consolidating its total assets and liabilities, resulting in the fact that the net interest margin slightly declined and the net interest income remained largely stable year-on-year; wealth management business developed steadily with steady growth of net fee and commission income; net investment income slightly decreased as the bond market's underperformed compared with the same period last year; exchange gains and losses decreased due to fluctuations in exchange rates. In the first quarter of 2021, the net interest income was RMB2.011 billion, representing a year-on-year increase of RMB28 million or 1.42%; the net fee and commission income was RMB407 million, representing a year-on-year increase of RMB31 million or 8.18%; the net investment income was RMB367 million, representing a year-on-year decrease of RMB45 million, or 10.81%; exchange gains and losses were RMB64 million, representing a year-on-year decrease of RMB77 million or 54.94%.

**Risk compensation ability improved and the principal regulatory indicators met the standards.** As at the end of March 2021, the non-performing loan ratio of the Company was 1.51%, same as that at the end of the previous year; the provision coverage ratio was 174.05%, representing an increase of 4.43 percentage points as compared with that at the end of the previous year; the loan provision ratio was 2.63%, representing an increase of 0.07 percentage point as compared with that at the end of the previous year. The core tier-one capital adequacy ratio was 8.44%, representing an increase of 0.09 percentage point as compared with that at the end of the previous year, mainly due to the adjustment of the risky asset structure and the increase in retained earnings; the capital adequacy ratio was 15.59%, representing an increase of 1.48 percentage points as compared with that at the end of the previous year, mainly attributed to the issuance of tier-two capital bonds of RMB4 billion, which increased the total net capital. All the principal regulatory indicators met regulatory requirements.

**Further enhanced the financial service capabilities for private and small and micro enterprises.** In the first quarter of 2021, the Bank strengthened accountability and vigorously built a long-term mechanism with optimized resource allocation and a sound management guarantee system for provision of service to private and small and micro enterprises, so as to maintain the continuity of inclusive financial policies and continuously improve the credit availability of private and small and micro enterprises. On the one hand, guided by the credit policy, the Bank gradually shifted its focus of loan supply to private and small and micro enterprises downward to the county level, and, focusing on industries relating to technology and people's livelihood, expanded the customer base of private and small and micro enterprises. On the other hand, on the basis of ensuring the orderly implementation of the "Two Tools" policy for inclusive small and micro enterprises, the Bank sped up product innovation, diversified the methods and models of serving small and micro enterprises, and launched inclusive financial products such as "Technology Credit".

#### IV. TOTAL NUMBER OF SHAREHOLDERS AND SHAREHOLDINGS OF THE TOP 10 SHAREHOLDERS AS AT THE END OF THE REPORTING PERIOD

##### 1. Number of ordinary shareholders and the preference shareholders with voting rights restored and shareholdings of the top 10 shareholders

*Unit: Share*

<b>Total number of ordinary shareholders as at the end of the reporting period</b>	82,180	<b>Total number of preference shareholders with voting rights restored as at the end of the reporting period (if any)</b>	–
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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 or frozen Status of shares	Number
HKSCC Nominees Limited	Overseas legal person	25.23%	1,137,893,880	–	Unknown	Unknown
Intesa Sanpaolo S.p.A.	Overseas legal person	13.85%	624,753,980	–	–	–
Qingdao Conson Industrial Co. Ltd.	State-owned legal person	11.17%	503,556,341	503,556,341	–	–
Qingdao Haier Investment and Development Co. Ltd.	Domestic non-state-owned legal person	9.08%	409,693,339	409,693,339	–	–
Qingdao Haier Air-Conditioner Electronics Co., Ltd.	Domestic non-state-owned legal person	4.85%	218,692,010	218,692,010	–	–
Shandong Sanliyuan Economics and Trade Co., Ltd.	Domestic non-state-owned legal person	3.37%	152,170,000	152,170,000	Pledged	151,600,000
Haier Smart Home Co. Ltd.	Domestic non-state-owned legal person	3.22%	145,297,405	145,297,405	–	–
Qingdao Hairen Investment Co. Ltd.	Domestic non-state-owned legal person	2.97%	133,910,000	133,910,000	–	–
Qingdao Huatong State-owned Capital Operation (Group) Co. Ltd.	State-owned legal person	2.11%	94,967,581	94,967,581	–	–
Qingdao Jifa Group Co. Ltd.	Domestic non-state-owned legal person	2.02%	90,936,164	90,936,164	–	–

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

<b>Name of shareholder</b>	<b>Number of shares not subject to restrictions on sale</b>	<b>Class of shares</b>	<b>Number</b>
HKSCC Nominees Limited	1,137,893,880	Overseas listed foreign shares	1,137,893,880
Intesa Sanpaolo S.p.A.	624,753,980	Overseas listed foreign shares	624,753,980
Industrial and Commercial Bank of China – China Southern Baoyuan Bond Fund	10,000,092	RMB ordinary shares	10,000,092
Chen Liuhang	7,595,900	RMB ordinary shares	7,595,900
Qingdao Biwan Marine Products Co. Ltd.	7,481,316	RMB ordinary shares	7,481,316
Xu Yi	5,590,700	RMB ordinary shares	5,590,700
Qingdao Experimental and Innovative Education Management Co., Ltd.	5,500,000	RMB ordinary shares	5,500,000
Hong Kong Securities Clearing Company Limited	5,273,887	RMB ordinary shares	5,273,887
Qingdao Tainuo Investment Group Co., Ltd.	5,115,146	RMB ordinary shares	5,115,146
Agricultural Bank of China Limited – CSI 500 Index ETF Securities Investment Fund	4,998,470	RMB ordinary shares	4,998,470

**Explanation on the related relationship or concerted action of the above-mentioned shareholders**

For the above shareholders, Qingdao Haier Investment and Development Co., Ltd., Qingdao Haier Air-Conditioner Electronics Co., Ltd. and Haier Smart Home Co., Ltd. are all under Haier Group, and Qingdao Haier Investment and 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. HKSCC Nominees Limited is a wholly-owned subsidiary of Hong Kong Securities Clearing Company Limited. The Bank is not aware of any other related relationship or concerted action 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.

<b>Remarks</b>	<ol style="list-style-type: none"> <li>1. Among the total number of ordinary shareholders at the end of the reporting period, there are 82,030 shareholders of A shares and 150 shareholders of H shares;</li> <li>2. Shares held by HKSCC Nominees Limited are the total shares in the accounts of the Bank's shareholders of H shares which are traded on the trading platform of HKSCC Nominees Limited on behalf of shareholders. Hong Kong Securities Clearing Company Limited is an institution that is designated by others to hold shares on their behalf as a nominal holder, including shares trading under the Shenzhen Connect held by Hong Kong and overseas investors;</li> <li>3. As at the end of the reporting period, Intesa Sanpaolo S.p.A., as a registered shareholder of H shares of the Bank, held 622,306,980 H shares, and the remaining 2,447,000 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;</li> <li>4. During the reporting period, the top 10 ordinary shareholders and the top 10 ordinary shareholders not subject to restrictions on sale of the Bank did not conduct any transaction under repurchase agreements.</li> </ol>
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**2. Total number and shareholdings of preference shareholders of the Bank**

*Unit: Share*

**Total number of preference shareholders as at the end of the reporting period** 1

**Shareholdings of preference shareholders**

Name of shareholder	Nature of shareholder	Percentage of shareholding	Number of shares	Number of shares subject to restrictions on sale	Shares pledged or frozen	Status of shares	Number
The Bank of New York Depository (Nominees) Limited	Overseas legal person	100%	60,150,000	–	Unknown	Unknown	

*Note:* During the reporting period, the Bank did not have any preference shareholder with voting rights restored.

## SECTION III SIGNIFICANT EVENTS

### I. CHANGES OF MAJOR FINANCIAL DATA AND FINANCIAL INDICATORS DURING THE REPORTING PERIOD AND THE REASONS THEREOF

Major financial statement items and financial indicators with changes of over 30% and the main reasons thereof are set out in the table below:

*Unit: RMB thousand*

Item	January-March 2021	January-March 2020	Changes (%)	Main Reasons
Net trading gains	<b>47,031</b>	140,179	(66.45)	Decrease in foreign exchange gains and losses as a result of exchange rate fluctuation
Other operating income, net	<b>8,565</b>	21,067	(59.34)	Decrease in government grants received by subsidiaries
Income tax expense	<b>(55,700)</b>	(79,945)	(30.33)	Year-on-year increase in non-taxable income from central government bonds as well as local government bonds for the period
Other comprehensive income net of tax	<b>199,933</b>	345,822	(42.19)	Year-on-year decrease in changes in fair value of financial investments measured at fair value through other comprehensive income
Net cash flows generated from operating activities	<b>(27,309,810)</b>	(7,379,383)	(270.08)	Decrease in net increase in deposits from customers and increase in net decrease in financial assets sold under repurchase agreements
Item	31 March 2021	31 December 2020	Changes (%)	Main Reasons
Deposits with banks and other financial institutions	<b>4,471,752</b>	2,568,919	74.07	Increase in deposits with banks for settlement
Deposits from banks and other financial institutions	<b>6,718,872</b>	17,024,732	(60.53)	Adjustment to interbank liabilities structure and appropriate reduction of scale of deposits from banks
Income tax payable	<b>568,445</b>	431,921	31.61	Increase in provision for income tax for the period
Other comprehensive income	<b>232,650</b>	32,717	611.10	Increase in provision for credit impairment of financial investments at fair value through other comprehensive income

## II. ANALYSIS AND EXPLANATIONS REGARDING PROGRESS AND IMPACTS OF SIGNIFICANT EVENTS AND THEIR SOLUTIONS

On 26 February 2021, the Bank held the 42nd meeting of the seventh session of the board of directors, at which relevant resolutions on the Bank's rights issue to original shareholders (the "Rights Issue") were considered and approved. The proceeds from the Rights Issue shall not exceed RMB5 billion, and the net amount after deducting relevant issuance expenses will be fully used to replenish the Bank's core tier-one capital.

On 26 March 2021, the Bank held the 2021 first extraordinary general meeting, 2021 first class meeting for A shareholders and 2021 first class meeting for H shareholders, at which relevant resolutions on the Rights Issue were considered and approved.

On 16 April 2021, the Bank received the "Approval on the Proposal for Rights Issue of Bank of Qingdao from CBIRC Qingdao Office" (Qing Yin Bao Jian Fu [2021] No. 140), which approved the Bank's proposal for the rights issue to the original A shareholders and H shareholders. The Rights Issue is still subject to the approval or consent from the China Securities Regulatory Commission and other regulatory authorities as well as the Shenzhen Stock Exchange and The Stock Exchange of Hong Kong Limited.

Save as disclosed in this quarterly report, the other announcements of the Bank and matters disclosed above, the Bank had no other significant events which should be disclosed. During the reporting period, the Bank did not repurchase any share or reduce buy-back shares through centralized bidding.

## III. UNCOMPLETED PERFORMANCE OF OVERDUE UNDERTAKING FOR THE REPORTING PERIOD BY THE PARTIES INVOLVING IN THE UNDERTAKING INCLUDING DE FACTO CONTROLLER, SHAREHOLDERS, RELATED-PARTIES, PURCHASERS AND THE BANK

The Bank does not have de facto controller and purchaser. During the reporting period, parties involving in the undertaking including the Bank, shareholders and related parties of the Bank did not have uncompleted performance of overdue undertaking.

## IV. INVESTMENT IN FINANCIAL ASSETS

### 1. Investment in securities

Set out below is the breakdown of investment in securities of the Company as at the end of March 2021:

*Unit: RMB thousand*

Type of securities	Investment amount	% of total investment
Debt securities issued by government	46,927,419	40.13%
Debt securities issued by policy banks	13,990,706	11.96%
Debt securities issued by banks and other financial institutions	27,337,616	23.37%
Debt securities issued by corporate entities	28,706,954	24.54%
<b>Total</b>	<b>116,962,695</b>	<b>100.00%</b>

Set out below are the top ten securities held by the Company which are considered significant in terms of value as at the end of March 2021:

*Unit: RMB thousand*

<b>Name of securities</b>	<b>Nominal value</b>	<b>Annual interest rates (%)</b>	<b>Maturity date</b>	<b>Impairment provision</b>
Bond 1	5,170,000	3.39	2050-03	151.38
Bond 2	4,270,000	3.80	2036-01	425.60
Bond 3	2,850,000	2.43	2022-01	85.81
Bond 4	2,740,000	3.18	2026-09	275.25
Bond 5	2,660,000	3.07	2030-03	267.28
Bond 6	2,630,000	2.68	2030-05	78.61
Bond 7	2,250,000	3.55	2040-05	410.28
Bond 8	2,230,000	3.12	2026-12	69.73
Bond 9	2,000,000	3.23	2030-03	202.60
Bond 10	1,950,000	3.13	2029-11	61.47

## 2. Derivative investments

*Unit: RMB thousand*

<b>Item</b>	<b>31 March 2021</b>			<b>31 December 2020</b>		
	<b>Nominal value</b>	<b>Fair value of assets</b>	<b>Fair value of liabilities</b>	<b>Nominal value</b>	<b>Fair value of assets</b>	<b>Fair value of liabilities</b>
Interest rate swaps and others	<b>68,767,368</b>	<b>272,538</b>	<b>(274,857)</b>	76,567,494	286,400	(288,347)

*Notes:*

- (1) Under the risk preference set by the board of directors and the Company's derivatives market risk framework, the Company actively carried out various derivative transactions in compliance with threshold requirements. As at 31 March 2021, the derivative financial instruments held by the Company included interest rate swaps and other instruments.
- (2) The accounting policies and specific accounting principles for derivatives of the Company during this reporting period did not have material change as compared with those in the last reporting period.

## **V. PROGRESS OF THE INVESTMENT PROJECTS TO BE FINANCED WITH THE PROCEEDS**

The funds raised by issuing ordinary shares and preference shares of the Bank, after deducting issuing fees, had all been used to replenish the capital of the Bank.

## **VI. MATERIAL CONTRACTS FOR DAILY OPERATION**

During the reporting period, the Bank did not have any material contracts for daily operation.

## **VII. ENTRUSTED WEALTH MANAGEMENT**

During the reporting period, the Bank did not have any entrusted wealth management transactions beyond its normal scope of business.

## **VIII. INFORMATION ON ILLEGAL EXTERNAL GUARANTEES**

During the reporting period, the Bank had no illegal external guarantee.

## **IX. INFORMATION ON THE NON-OPERATING OCCUPATION OF FUNDS OF THE BANK BY THE CONTROLLING SHAREHOLDER AND ITS RELATED PARTIES**

During the reporting period, there was no non-operating occupation of funds of the Bank by the controlling shareholder and its related parties.

## **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 Chinese Accounting Standards for Business Enterprises 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 2021 to 31 March 2021

(Expressed in thousands of Renminbi, unless otherwise stated)

	Period from 1 January to 31 March	
	2021 (unaudited)	2020 (unaudited)
Interest income	4,376,131	4,052,119
Interest expense	<u>(2,364,673)</u>	<u>(2,068,731)</u>
<b>Net interest income</b>	<b>2,011,458</b>	<b>1,983,388</b>
Fee and commission income	436,526	400,473
Fee and commission expense	<u>(29,618)</u>	<u>(24,321)</u>
<b>Net fee and commission income</b>	<b>406,908</b>	<b>376,152</b>
Net trading gains	47,031	140,179
Net gains arising from investments	367,290	411,815
Other operating income, net	<u>8,565</u>	<u>21,067</u>
<b>Operating income</b>	<b>2,841,252</b>	<b>2,932,601</b>
Operating expenses	(748,967)	(704,686)
Credit losses	<u>(1,374,836)</u>	<u>(1,573,443)</u>
<b>Profit before taxation</b>	<b>717,449</b>	<b>654,472</b>
Income tax expense	<u>(55,700)</u>	<u>(79,945)</u>
<b>Net profit for the period</b>	<b>661,749</b>	<b>574,527</b>
<b>Profit attributable to:</b>		
Equity shareholders of the Bank	645,407	554,768
Non-controlling interests	<u>16,342</u>	<u>19,759</u>
Basic and diluted earnings per share (in RMB)	<u>0.14</u>	<u>0.12</u>

**Bank of Qingdao Co., Ltd.****Unaudited consolidated statement of profit or loss and other comprehensive income**

for the period from 1 January 2021 to 31 March 2021

*(Expressed in thousands of Renminbi, unless otherwise stated)*

	<b>Period from 1 January to 31 March</b>	
	<b>2021</b>	<b>2020</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Net profit for the period</b>	<b>661,749</b>	<b>574,527</b>
<b>Other comprehensive income:</b>		
Items that will not be reclassified to profit or loss		
– Remeasurement of defined benefit liability	<b>53</b>	<b>(1,365)</b>
Items that may be reclassified subsequently to profit or loss		
– Changes in fair value of debt investments at fair value through other comprehensive income	<b>(77,485)</b>	<b>343,132</b>
– Credit losses of debt investments at fair value through other comprehensive income	<b>277,365</b>	<b>4,055</b>
<b>Other comprehensive income, net of tax</b>	<b>199,933</b>	<b>345,822</b>
<b>Total comprehensive income</b>	<b>861,682</b>	<b>920,349</b>
<b>Total comprehensive income attributable to:</b>		
Equity shareholders of the Bank	<b>845,340</b>	<b>900,590</b>
Non-controlling interests	<b>16,342</b>	<b>19,759</b>

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

as at 31 March 2021

*(Expressed in thousands of Renminbi, unless otherwise stated)*

	<b>31 March 2021 (unaudited)</b>	31 December 2020 (audited)
<b>Assets</b>		
Cash and deposits with central bank	<b>36,229,591</b>	47,219,397
Deposits with banks and other financial institutions	<b>4,471,752</b>	2,568,919
Placements with banks and other financial institutions	–	–
Derivative financial assets	<b>272,538</b>	286,400
Financial assets held under resale agreements	<b>8,848,075</b>	9,726,476
Loans and advances to customers	<b>218,988,079</b>	202,358,484
Financial investments:		
– Financial investments measured at fair value through profit or loss	<b>39,814,137</b>	37,250,405
– Financial investments measured at fair value through other comprehensive income	<b>66,257,782</b>	66,828,002
– Financial investments measured at amortised cost	<b>71,902,761</b>	74,157,602
Long-term receivables	<b>9,665,083</b>	11,001,178
Property and equipment	<b>3,235,154</b>	3,247,768
Right-of-use assets	<b>827,080</b>	826,821
Deferred tax assets	<b>2,506,402</b>	2,468,017
Other assets	<b>1,954,068</b>	1,888,136
<b>Total assets</b>	<b>464,972,502</b>	459,827,605
<b>Liabilities</b>		
Borrowings from central bank	<b>14,033,211</b>	11,207,069
Deposits from banks and other financial institutions	<b>6,718,872</b>	17,024,732
Placements from banks and other financial institutions	<b>13,304,722</b>	12,947,575
Derivative financial liabilities	<b>274,857</b>	288,347
Financial assets sold under repurchase agreements	<b>24,556,156</b>	33,099,349
Deposits from customers	<b>278,637,450</b>	275,750,710
Income tax payable	<b>568,445</b>	431,921
Debt securities issued	<b>90,481,885</b>	72,834,508
Lease liabilities	<b>457,362</b>	453,671
Other liabilities	<b>4,171,002</b>	4,882,865
<b>Total liabilities</b>	<b>433,203,962</b>	428,920,747

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

as at 31 March 2021

*(Expressed in thousands of Renminbi, unless otherwise stated)*

	<b>31 March 2021 (unaudited)</b>	31 December 2020 (audited)
<b>Equity</b>		
Share capital	<b>4,509,690</b>	4,509,690
Other equity instrument		
Including: preference shares	<b>7,853,964</b>	7,853,964
Capital reserve	<b>8,337,869</b>	8,337,869
Surplus reserve	<b>1,859,737</b>	1,859,737
General reserve	<b>5,072,217</b>	5,072,217
Other comprehensive income	<b>232,650</b>	32,717
Retained earnings	<b>3,264,387</b>	2,618,980
	<hr/>	<hr/>
Total equity attributable to equity shareholders of the Bank	<b>31,130,514</b>	30,285,174
Non-controlling interests	<b>638,026</b>	621,684
	<hr/>	<hr/>
<b>Total equity</b>	<b>31,768,540</b>	30,906,858
	<hr/>	<hr/>
<b>Total liabilities and equity</b>	<b>464,972,502</b>	459,827,605
	<hr/>	<hr/>

Approved and authorised for issue by the board of directors on 29 April 2021.

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**Guo Shaoquan**  
*Legal Representative (Chairman)*

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**Wang Lin**  
*President*

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**Meng Dageng**  
*Head of the Planning & Finance  
Department*

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

for the period from 1 January 2021 to 31 March 2021

*(Expressed in thousands of Renminbi, unless otherwise stated)*

	<b>Period from 1 January to 31 March</b>	
	<b>2021</b>	<b>2020</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	<b>717,449</b>	654,472
<i>Adjustments for:</i>		
Credit losses	<b>1,374,836</b>	1,573,443
Depreciation and amortisation	<b>114,862</b>	102,166
Unrealised foreign exchange gains	<b>(59,582)</b>	(133,432)
Net losses on disposal of property and equipment, intangible assets and other assets	<b>302</b>	49
(Gains)/Losses from changes in fair value	<b>(61,619)</b>	122,235
Net gains arising from investment	<b>(304,359)</b>	(534,395)
Interest expense on debt securities issued	<b>629,185</b>	693,600
Interest income from financial investment	<b>(1,324,200)</b>	(1,310,413)
Others	<b>(5,462)</b>	(9,642)
	<b>1,081,412</b>	1,158,083
<i>Changes in operating assets</i>		
Net decrease in deposits with central bank	<b>582,351</b>	14,370
Net increase in loans and advances to customers	<b>(17,811,826)</b>	(15,608,435)
Net decrease in financial assets held under resale agreements	<b>882,600</b>	829,515
Net decrease/(increase) in long-term receivables	<b>1,302,221</b>	(1,785,657)
Net decrease/(increase) in other operating assets	<b>203,665</b>	(47,404)
	<b>(14,840,989)</b>	(16,597,611)
<b>Cash flows from operating activities (continued)</b>		
<i>Changes in operating liabilities</i>		
Net increase in borrowings from central bank	<b>2,824,312</b>	731,152
Net decrease in deposits from banks and other financial institutions	<b>(10,273,822)</b>	(4,098,562)
Net increase in placements from banks and other financial institutions	<b>355,837</b>	1,818,382
Net decrease in financial assets sold under repurchase agreements	<b>(8,538,975)</b>	(963,559)
Net increase in deposits from customers	<b>2,734,469</b>	10,632,319
Net (decrease)/increase in other operating liabilities	<b>(637,496)</b>	95,661
	<b>(13,535,675)</b>	8,215,393

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

for the period from 1 January 2021 to 31 March 2021

*(Expressed in thousands of Renminbi, unless otherwise stated)*

	<b>Period from 1 January to 31 March</b>	
	<b>2021</b>	<b>2020</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<i>Income tax paid</i>	<u>(14,558)</u>	<u>(155,248)</u>
<b>Net cash flows used in operating activities</b>	<u><b>(27,309,810)</b></u>	<u><b>(7,379,383)</b></u>
<b>Cash flows from investing activities</b>		
Proceeds from disposal and redemption of investments	<b>20,337,695</b>	21,389,142
Net cash received from investment gains and interest	<b>1,842,713</b>	1,739,282
Proceeds from disposal of property and equipment, intangible assets and other assets	<b>465</b>	2
Payments on acquisition of investments	<b>(20,793,411)</b>	(25,652,555)
Payments on acquisition of property and equipment, intangible assets and other assets	<u><b>(87,343)</b></u>	<u>(29,983)</u>
<b>Net cash flows generated from/(used in) investing activities</b>	<u><b>1,300,119</b></u>	<u><b>(2,554,112)</b></u>
<b>Cash flows from financing activities</b>		
Net proceeds from debt securities issued	<b>31,938,118</b>	21,306,037
Repayment of debt securities issued	<b>(14,517,166)</b>	(16,000,000)
Interest paid on debt securities issued	<b>(402,760)</b>	(139,980)
Dividends paid	<b>(278)</b>	(12)
Payment of lease liabilities	<u><b>(38,089)</b></u>	<u>(39,766)</u>
<b>Net cash flows generated from financing activities</b>	<u><b>16,979,825</b></u>	<u><b>5,126,279</b></u>
<b>Effect of foreign exchange rate changes on cash and cash equivalents</b>	<u><b>8,400</b></u>	<u><b>8,097</b></u>

**Bank of Qingdao Co., Ltd.**

**Unaudited consolidated cash flow statement (continued)**

for the period from 1 January 2021 to 31 March 2021

*(Expressed in thousands of Renminbi, unless otherwise stated)*

	<b>Period from 1 January to 31 March</b>	
	<b>2021</b>	<b>2020</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(9,021,466)</b>	<b>(4,799,119)</b>
<b>Cash and cash equivalents as at 1 January</b>	<b>29,279,481</b>	<b>22,500,748</b>
<b>Cash and cash equivalents as at 31 March</b>	<b>20,258,015</b>	<b>17,701,629</b>
<b>Net cash flows generated from operating activities include:</b>		
Interest received	<b>3,405,547</b>	<b>2,741,686</b>
Interest paid	<b>(1,614,645)</b>	<b>(1,312,121)</b>

By order of the Board  
**Bank of Qingdao Co., Ltd.\***  
**Guo Shaoquan**  
*Chairman*

Qingdao, Shandong Province, the PRC  
29 April 2021

*As at the date of this announcement, the board of directors of the Bank comprises Mr. Guo Shaoquan, Mr. Wang Lin and Ms. Lu Lan as executive directors; Mr. Zhou Yunjie, Mr. Rosario Strano, Ms. Tan Lixia, Mr. Marco Mussita, Mr. Deng Youcheng and Mr. Choi Chi Kin, Calvin as non-executive directors; Mr. Chen Hua, Ms. Dai Shuping, Mr. Simon Cheung, Ms. Fang Qiaoling and Mr. Tingjie Zhang 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.*