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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)

UPDATES ON 2018 PRELIMINARY ANNUAL RESULTS

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**”).

The financial data of 2018 contained in this announcement are the data of the Group preliminarily calculated according to the Chinese Accounting Standards and have been audited by internal audit department of the Bank, but have not been audited by accounting firm. The 2018 annual report of the Bank to be released in due course shall be referred to for detailed data of the Bank. Shareholders and potential investors of the Bank should exercise caution when dealing in the securities of the Bank.

I. KEY FINANCIAL DATA AND INDICATORS OF 2018

Unit: in thousand, unless otherwise specified

Item	2018 (Unaudited)	2017 (Audited)	Changes (%)
Operating income	7,371,953	5,582,932	32.04
Operating profit	2,479,300	2,374,264	4.42
Total profit	2,476,016	2,369,767	4.48
Net profit attributable to equity shareholders of the Bank	2,023,352	1,900,252	6.48
Net profit attributable to equity shareholders of the Bank after deducting non-recurring profit or loss	2,020,853	1,884,779	7.22
Basic earnings per share (yuan/share)	0.37	0.47	-21.28
Weighted average return on net assets (%)	8.36	10.80	Decrease by 2.44 percentage points
Item	31 December 2018 (Unaudited)	31 December 2017 (Audited)	Changes (%)
Total assets	317,642,937	306,276,092	3.71
Equity attributable to equity shareholders of the Bank	26,984,974	25,629,854	5.29
Share capital	4,058,713	4,058,713	—
Net assets per share attributable to ordinary shareholders of the Bank (yuan/share)	4.71	4.38	7.53
Non-performing loan ratio (%)	1.68	1.69	Decrease by 0.01 percentage point

Notes:

- (1) Basic earnings per share and weighted average return on net assets were calculated according to the Compilation Rules for Preparation of Information Disclosures by Companies Offering Securities to the Public No. 9 — Calculation and Disclosure of Return on Net Assets and Earnings per Share (Amended in 2010). In 2018, the Bank distributed dividends of the preference shares. In calculating basic earnings per share and weighted average return on net assets for the period, the dividends of the preference shares for the period have been deducted from the “net profit attributable to equity shareholders of the Bank” and the impact of the preference shares has been excluded from the “weighted average net assets”;
- (2) Net assets per share attributable to ordinary shareholders of the Bank is calculated by dividing the equity attributable to ordinary shareholders of the Bank (after deducting preference shares) by the total share capital of ordinary shares as at the end of the period.

II. INFORMATION ON OPERATING RESULTS AND FINANCIAL POSITION

In 2018, confronted with complicated and challenging external environment and regulatory environment, the Bank adhered to the operation philosophy of “deepening management, being proactive about compliance, making transformation and innovation and making progress while maintaining stability” to push forward the structural adjustment, strengthen risk control and management, maintain stable profitability growth and make progress in overall operation while maintaining stability.

Assets and liabilities were adjusted and optimized and profitability has improved continuously. Operating income for the year amounted to 7.372 billion, representing an increase of 1.789 billion or 32.04% year on year. Total profit amounted to 2.476 billion, representing an increase of 106 million or 4.48% year on year. Net profit attributable to equity shareholders of the Bank was 2.023 billion, representing an increase of 123 million or 6.48% year on year.

As at the end of 2018, the total assets of the Bank amounted to 317.643 billion, representing an increase of 11.367 billion or 3.71% as compared with that as at the end of the previous year. Total liabilities amounted to 290.146 billion, representing an increase of 9.993 billion or 3.57% as compared with that as at the end of the previous year. Loans and advances to customers amounted to 123.367 billion, representing an increase of 27.311 billion or 28.61% as compared with that as at the end of the previous year on the same basis (without taking into consideration of the “Notice on the Revision and Issuance of the Format of the Financial Statements of the Financial Enterprises for 2018” (Cai Kuai [2018] No. 36), same hereafter). Deposits from customers amounted to 177.911 billion, representing an increase of 15.592 billion or 9.74% as compared with that as at the end of the previous year on the same basis. Equity attributable to equity shareholders of the Bank amounted to 26.985 billion, representing an increase of 1.355 billion or 5.29% as compared with that as at the end of the previous year.

Asset quality remained stable and risk resistance enhanced. The Bank has included all loans overdue for more than 90 days into non-performing loans. As at the end of 2018, the non-performing loan ratio was 1.68%, representing a decrease of 0.01 percentage point as compared with that as at the end of the previous year. Provision coverage ratio was 168.04%, representing an increase of 14.52 percentage points as compared with that as at the end of the previous year.

III. EXPLANATION OF DIFFERENCE FROM PREVIOUS RESULTS FORECAST

There is no significant difference between the operating results disclosed herein and the annual results forecast of 2018 set out in the Initial Public Offering (A Shares) Prospectus of the Bank and other listing documents.

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

Qingdao, Shandong Province, the PRC
11 February 2019

As at the date of this announcement, the Board comprises Mr. Guo Shaoquan, Mr. Wang Lin, Mr. Yang Fengjiang 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. Wong Tin Yau, Kelvin, Mr. Chen Hua, Ms. Dai Shuping, Mr. Simon Cheung and Ms. Fang Qiaoling 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.*