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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)

ANNOUNCEMENT ON DISTRIBUTION OF DIVIDENDS ON OFFSHORE PREFERENCE SHARES

I. DECISION ON THE DIVIDEND DISTRIBUTION PLAN FOR OFFSHORE PREFERENCE SHARES

The 2017 first extraordinary general meeting, the 2017 first class meeting for domestic shareholders and the 2017 first class meeting for H shareholders held by Bank of Qingdao Co., Ltd. (the “**Bank**”) on 15 March 2017 considered and approved the Resolution on the Plan for the Non-public Issuance of Offshore Preference Shares by Bank of Qingdao Co., Ltd. and the Resolution on Authorization to Handle Relevant Matters of the Issuance of Offshore Preference Shares, which authorized the board of directors (the “**Board**”) of the Bank and the Board to delegate the authority to the chairman, the president and the secretary to the Board of the Bank, to individually or jointly exercise full power to deal with relevant matters when the offshore preference shares remain outstanding, including determining and handling the payment of dividends to the offshore preference shareholders in accordance with the terms of issuance of the offshore preference shares. On 23 August 2019, the chairman, the president and the secretary to the Board of the Bank jointly signed the Decision on Full Distribution of Dividends on Offshore Preference Shares of Bank of Qingdao Co., Ltd. for the Second Dividend Accruing Year to agree the dividend distribution plan for offshore preference shares.

II. DIVIDEND DISTRIBUTION PLAN FOR OFFSHORE PREFERENCE SHARES

1. Interest-bearing period: from 19 September 2018 (inclusive) to 19 September 2019 (exclusive)
2. Record date: 18 September 2019
3. Dividend payment date: 19 September 2019
4. Recipients: persons registered on the register of offshore preference shareholders as of the closing of relevant clearing systems on 18 September 2019.

5. Tax deduction: the Bank is required to withhold income tax at a rate of 10% when distributing dividends on offshore preference shares in accordance with the requirements of relevant laws. According to relevant provisions of the terms and conditions of offshore preference shares, relevant taxes and fees shall be borne by the Bank.
6. Dividend rate and amount of payment: the initial dividend rate before the first repricing date determined by the terms and conditions of offshore preference shares is 5.50% per annum (such dividend rate is after-tax dividend rate, which is the actual dividend rate received by the offshore preference shareholders). Based on the interest-bearing principal, dividend rate and withholding income tax rate of offshore preference shares, the amount of offshore preference shares dividends is determined as follows:

The Bank will distribute a dividend of US\$73.5167 million for offshore preference shares, of which US\$66.165 million was paid to offshore preference shareholders and US\$7.3517 million was withheld for income tax.

III. IMPLEMENTATION MEASURES FOR THE DIVIDEND DISTRIBUTION PLAN FOR OFFSHORE PREFERENCE SHARES

The Bank will distribute dividends on offshore preference shares to registered offshore preference shareholders of the Bank on the record date. The Bank of New York Depository (Nominees) Limited, as the nominee of Euroclear Bank SA/NV and Clearstream Banking S.A., was the only holder of offshore preference shares of the Bank whose name appeared on the register of members on the record date. Payment by the Bank to The Bank of New York Depository (Nominees) Limited or payment in accordance with its instructions was deemed to have fulfilled the Bank's obligation to pay dividends on offshore preference shares. If the final investors have any doubts about the subsequent transfer of relevant dividends to the final investors after entering the clearing system, the final investors shall check with their respective depository or intermediary.

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

Qingdao, Shandong Province, the PRC
23 August 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.*