THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Bank of Qingdao Co., Ltd.*, you should at once hand this circular and the proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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This circular is for information purposes only and does not constitute an invitation or a solicitation of an offer to acquire, purchase or subscribe for securities or an invitation to enter into an agreement to do any such things, nor is it calculated to invite any offer to acquire, purchase or subscribe for any securities.

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)

PROPOSED ISSUANCE OF TIER-TWO CAPITAL BONDS CAPITAL MANAGEMENT PLAN FOR 2021-2025 OF BANK OF QINGDAO CO., LTD. AND NOTICE OF 2020 FIRST EXTRAORDINARY GENERAL MEETING

The letter from the Board is set out on pages 3 to 7 of this circular.

The Bank will hold the 2020 First EGM at No. 6 Qinling Road, Laoshan District, Qingdao, Shandong Province, the PRC at 9:00 a.m. on Thursday, 17 September 2020. The 2020 First EGM is set out on pages 14 to 15 of this circular.

If you intend to attend and/or vote at the 2020 First EGM, you are required to complete such proxy form in accordance with the instructions printed thereon and return it to the H Share Registrar (for H Shareholder(s)) or the Bank's PRC registered office and principal place of business (for A Shareholder(s)) not less than 24 hours before the designated time for convening the related meeting or any adjournment thereof. Completion and return of the proxy form shall not affect your right to attend or vote at such meeting or any adjournment thereof in person.

^{*} 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 out banking and/or deposit-taking business in Hong Kong.

CONTENTS

		Page		
DEFINITIONS				
LET	TTER FROM THE BOARD	3		
I.	INTRODUCTION	3		
II.	MATTERS TO BE CONSIDERED AT THE 2020 FIRST EGM	4		
	1. Proposed Issuance of Tier-two Capital Bonds	4		
	2. Capital Management Plan for 2021-2025 of Bank of Qingdao Co., Ltd	5		
III.	RESPONSIBILITY STATEMENT	6		
IV.	THE 2020 FIRST EGM	6		
V.	METHODS OF VOTING AT THE 2020 FIRST EGM	7		
VI.	RECOMMENDATIONS	7		
APPENDIX I CAPITAL MANAGEMENT PLAN FOR 2021-2025 OF BANK OF QINGDAO CO., LTD				
NOTICE OF 2020 FIRST EXTRAORDINARY GENERAL MEETING				

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

"2020 First EGM" or "EGM" the 2020 first extraordinary general meeting of the Bank

to be held at No. 6 Qinling Road, Laoshan District, Qingdao, Shandong Province, the PRC at 9:00 a.m. on

Thursday, 17 September 2020

"A Shareholder(s)" holder(s) of A Shares

"A Share(s)" the Bank's ordinary shares of RMB1.00 each, which are

listed on the Shenzhen Stock Exchange (stock code:

002948) and traded in RMB

"Articles of Association" the Articles of Association of the Bank

"Bank" Bank of Qingdao Co., Ltd. and its branches

"Board" or "Board of Directors" the board of Directors of the Bank

"Board of Supervisors" the board of Supervisors of the Bank

"CBIRC" China Banking and Insurance Regulatory Commission

(中國銀行保險監督管理委員會)

"Director(s)" the director(s) of the Bank

"H Share Registrar" Computershare Hong Kong Investor Services Limited

"H Shareholder(s)" holder(s) of H Shares

"H Shares" overseas listed foreign shares of RMB1.00 each in the

share capital of the Bank, which are listed on the Hong Kong Stock Exchange (stock code: 03866) and traded in

Hong Kong dollars

"Hong Kong" the Hong Kong Special Administrative Region of the

PRC

"Hong Kong dollars" Hong Kong dollar, the lawful currency of Hong Kong

"Hong Kong Listing Rules" the Rules Governing the Listing of Securities on The

Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise revised from time to time

DEFINITIONS

"Hong Kong Stock Exchange" The Stock Exchange of Hong Kong Limited

"PRC" or "China" the People's Republic of China, excluding, for the

purposes of this circular, Hong Kong, Macau Special

Administrative Region and Taiwan

"RMB" Renminbi, the lawful currency of the PRC

"Share(s)" A Shares and/or H Shares of the Bank

"Shareholder(s)" holder(s) of Shares

"Supervisor(s)" the supervisor(s) of the Bank

In case of any discrepancy between the Chinese and English versions of this circular, the Chinese version shall prevail.

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)

Members of the Board:

Executive Directors: GUO Shaoquan (Chairman) WANG Lin LU Lan

Non-executive Directors:

ZHOU Yunjie
Rosario STRANO
TAN Lixia
Marco MUSSITA
DENG Youcheng
CHOI Chi Kin, Calvin

Independent Non-executive Directors:
CHEN Hua
DAI Shuping
Simon CHEUNG
FANG Qiaoling

To the Shareholders

Registered Address and
Address of Head Office:
Building No. 3, No. 6 Oinling Road

Laoshan District
Qingdao, Shandong Province
the PRC

Address of the Registered Office in Hong Kong:
31st Floor, Tower Two

Times Square 1 Matheson Street Causeway Bay Hong Kong

PROPOSED ISSUANCE OF TIER-TWO CAPITAL BONDS CAPITAL MANAGEMENT PLAN FOR 2021-2025 OF BANK OF QINGDAO CO., LTD. AND

NOTICE OF 2020 FIRST EXTRAORDINARY GENERAL MEETING

I. INTRODUCTION

Reference is made to the announcement of the Bank dated 28 August 2020 in relation to the proposed issuance of tier-two capital bonds. The Board of Directors invites you to attend the 2020 First EGM to be held at No. 6 Qinling Road, Laoshan District, Qingdao, Shandong Province, the PRC, at 9:00 a.m. on Thursday, 17 September 2020. This circular aims to provide further information on matters set out in the above announcement and the notice of the 2020 First EGM.

^{*} 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 out banking and/or deposit-taking business in Hong Kong.

II. MATTERS TO BE CONSIDERED AT THE 2020 FIRST EGM

1. Proposed Issuance of Tier-two Capital Bonds

After consideration and approval at the Board meeting held on 28 August 2020, it is proposed to the Shareholders at the EGM to authorize the Board of Directors, and the Board to delegate the authority to the chairman of the Board, the president and the secretary to the Board of the Bank, to determine the issuance of tier-two capital bonds based on factors including market conditions after obtaining the approval of the relevant regulatory authorities, and the total issuance size shall not exceed RMB6 billion.

On 16 January 2019, the Bank was listed on the A-share market on the Shenzhen Stock Exchange, through which its capital was replenished effectively. In the wake of rapid growth of the Bank's asset size and operating performance, the capital adequacy level of the Bank is still faced with some pressure. In view of this, the Bank intends to, subject to relevant regulatory regulations and framework and with reference to its development needs, issue tier-two capital bonds in the interbank bond market in the PRC with the aim of further enhancing the capability of the Bank's capital to support the development of the Bank as a whole, boosting the Bank's core competitiveness and promoting sustainable development. The overall issuance plan is set out as follows:

- I. Total issue size: Not exceeding RMB6 billion.
- II. Bond maturity: The maturity of issuance is 5+5 years or 10+5 years.
- III. Interest rates of the bonds: Fixed interest rate, and determined jointly by the Bank and the lead underwriter based on the market conditions at the time of issuance.
- IV. Use of proceeds: All proceeds will be used to replenish the capital of the Bank and to maintain appropriate capital adequacy ratio.
- V. Valid term of the resolution regarding the issuance of tier-two capital bonds: Valid for 36 months from the date of approval by the general meeting.
- VI. Issuance authorisation: In view of uncertainties in relation to the issuance of tier-two capital bonds by the Bank, such as changes in the time of issue or market conditions, and in order to ensure the successful issuance of the Bank's tier-two capital bonds, it is proposed to the general meeting to authorize the Board of Directors, and the Board to delegate the authority to the chairman of the Board, the president and the secretary to the Board of the Bank, to deal with relevant matters relating to the issuance of tier-two capital bonds, including but not limited to dealing with following matters in relation to filing and approval:

- 1. In relation to the issuance of tier-two capital bonds, to handle the filing, approval and verification procedures with the relevant regulatory authorities, to sign, execute, revise and complete all essential documents, and to determine and pay the expenses in relation to the issuance of tier-two capital bonds.
- 2. Based on market conditions, to determine the timing, market and target subscribers, currency and amount, term, interest rate and method of the issuance of tier-two capital bonds by the Bank.
- 3. To determine the specific terms of the bond issuance in accordance with the issuance plan above and the regulations and approvals by the relevant regulatory authorities, which include but not limited to writing down qualified tier-two capital bonds with write-down features as agreed upon occurrence of triggering events; to determine relevant matters in relation to the tranches, timing, size, currency and market of the bond issuance and the duration, rates, price, and target subscribers of the bonds as well as the method of issue and of payment.
- 4. To draft, revise, sign and execute all agreements, contracts and related documents during the bond issuance, to engage intermediaries, and to deal with other matters related to the bond issuance.
- 5. In accordance with the latest regulatory requirements by the regulatory authorities, to make appropriate adjustments to the terms of issuance within the scope of the issuance plan determined at the general meeting (including but not limited to the determination of the amount of issuance, maturity of bonds, type of interest rate, and other terms required to be adjusted by the regulatory authorities, etc.).
- 6. To handle other matters deemed necessary, appropriate or desirable for the issuance of tier-two capital bonds in accordance with domestic and overseas laws and regulations.
- 7. Except for matters related to relevant laws, regulations and the Articles of Association that are subject to a separate poll by the general meeting or the Board of Directors.

The aforementioned authorisations are valid for 36 months from the date of approval at the general meeting.

2. Capital Management Plan for 2021-2025 of Bank of Qingdao Co., Ltd.

An ordinary resolution in relation to the Capital Management Plan for 2021-2025 of Bank of Qingdao Co., Ltd. will be submitted for approval at the EGM.

With the orderly development of various businesses, the Bank's asset scale continues to expand, and capital needs in the next five years will further increase. In order to better meet the requirements of the Regulation Governing Capital of Commercial Banks (Provisional) and other regulatory requirements, strengthen capital constraints, stimulate our sustained and stable growth, and achieve the goal of maximizing Shareholders' value, the Bank has prepared the Capital Management Plan for 2021-2025 of Bank of Qingdao Co., Ltd. in accordance with the Regulation Governing Capital of Commercial Banks (Provisional) promulgated by the CBIRC and other regulatory requirements and in line with our future development strategies and business planning.

Please refer to Appendix I to this circular for the full content of the Capital Management Plan for 2021-2025 of Bank of Qingdao Co., Ltd.

III. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Bank. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make this circular or any statement herein misleading.

IV. THE 2020 FIRST EGM

The Bank intends to convene the 2020 First EGM at No. 6 Qinling Road, Laoshan District, Qingdao, Shandong Province, the PRC, at 9:00 a.m. on Thursday, 17 September 2020 to consider and, if thought fit, to pass matters as set out in the notice of the 2020 First EGM. The notice of the 2020 First EGM is set out on pages 14 to 15 of this circular.

Completion and return of the form(s) of proxy(ies) will not preclude you from attending and voting in person at the 2020 First EGM or at any adjournment.

Closure of Register of Members and Eligibility to Attend and Vote at the 2020 First EGM

The share register of members of the Bank will be closed from Monday, 14 September 2020 to Thursday, 17 September 2020 (both days inclusive), during which period no Share transfer will be registered. In order to be eligible to attend and vote at the 2020 First EGM, H Shareholders of the Bank must lodge the Share transfer documents accompanied by the relevant Share certificates and other appropriate documents with the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 11 September 2020. H Shareholders whose names appear in the H share register of members of the Bank at the close of business on Monday, 14 September 2020, will be eligible to attend and vote at the 2020 First EGM.

V. METHODS OF VOTING AT THE 2020 FIRST EGM

Pursuant to the requirements of Rule 13.39(4) of the Hong Kong Listing Rules, voting by the Shareholders at the 2020 First EGM shall be taken by the way of poll.

To the best knowledge of the Bank, no Shareholder or its associate is deemed to have a material interest in any of the resolutions at the 2020 First EGM, and therefore no Shareholder is required to abstain from voting on any resolutions.

Please be advised that pursuant to Article 60 of the Articles of Association, where a Shareholder pledges 50% or more of his/her equity interests in the Bank, the voting rights of such Shareholder at the 2020 First EGM shall be subject to restrictions.

VI. RECOMMENDATIONS

The Board (including the independent non-executive Directors) considers that the resolutions to be proposed at the 2020 First EGM are in the interests of the Bank and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favor of all resolutions to be proposed at the 2020 First EGM.

By order of the Board

Bank of Qingdao Co., Ltd.*

GUO Shaoquan

Chairman

Qingdao, Shandong, the PRC 31 August 2020

* 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 out banking and/or deposit-taking business in Hong Kong.

APPENDIX I CAPITAL MANAGEMENT PLAN FOR 2021-2025 OF BANK OF OINGDAO CO., LTD.

CAPITAL MANAGEMENT PLAN FOR 2021-2025 OF BANK OF QINGDAO CO., LTD.

To further strengthen capital management and constraints on capital, stimulate our sustained and stable growth, and achieve the goal of maximizing Shareholders' value, the Bank has specifically prepared the Capital Management Plan for 2021-2025 in accordance with the Regulation Governing Capital of Commercial Banks (Provisional) promulgated by the CBIRC and other regulatory requirements and in line with our future development strategies and business planning.

I. PRINCIPLES OF CAPITAL MANAGEMENT PLAN

- (1) To ensure compliance with requirements under regulatory policies. This capital management plan is developed to further strengthen capital management to ensure that our capital adequacy ratio is maintained at an appropriate level and meets the requirements of regulatory authorities.
- (II) To ensure support for the Bank's strategic development. This capital management plan is developed to ensure a solid capital base, thus helping to realize the Bank's mid- and long-term strategic plans.
- (III) To ensure effective utilization of capital. This capital management plan is developed and implemented to strengthen constraints on capital, stimulate our business development and transformation, and achieve the development goals of reduction in capital expenditures and low consumption of capital.

II. OBJECTIVES OF THE CAPITAL MANAGEMENT PLAN

In line with the Bank's development strategies, after considering relevant regulatory requirements, and provided that there are no major changes in regulatory policies, the objectives of the Bank's capital management for the next five years are set out as below:

(I) To ensure a stable and healthy capital adequacy ratio

To meet the stringent regulatory indicators set by the regulatory authorities, the Bank will ensure higher capital quality and sufficient capital level in the future to enhance our capital strength and ability to withstand risks, and maintain a positive image in the market. In accordance with the Regulation Governing Capital of Commercial Banks (Provisional), the CBIRC requires non-systemically important banks to provide a capital reserve on the basis of minimum capital requirements plus 2.5% of risk-weighted assets; Specifically, the core tier-one capital adequacy ratio shall not be lower than 7.5%, the tier-one capital adequacy ratio shall not be lower than 8.5%, and the capital adequacy ratio shall not be lower than 10.5%. In certain cases, commercial banks shall also set aside counter-cyclical capital at a level between 0% to 2.5% of risk-weighted assets, and the counter-cyclical capital shall be satisfied with core tier-one capital.

APPENDIX I CAPITAL MANAGEMENT PLAN FOR 2021-2025 OF BANK OF QINGDAO CO., LTD.

In accordance with the requirements by the CBIRC and taking into account the actualities of our business development, the targets of capital adequacy ratio planning of the Bank for the next five years are as follows:

2021-2025

	Targets of the	
	Regulatory	Bank's
Capital Adequacy Ratio	Requirements	Planning
Core Tier-one Capital Adequacy Ratio	7.5%	8.0%
Tier-one Capital Adequacy Ratio	8.5%	9.0%
Capital Adequacy Ratio	10.5%	11.5%

Meanwhile, when the capital adequacy ratio hits 12%, the Bank will activate the capital replenishment mechanism to replenish capital by appropriate means to maintain the capital adequacy ratio at a stable and healthy level.

(II) To achieve gradual improvement in efficiency of capital utilization

The Bank is committed to gradually establishing and refining the value management system with capital as the core, optimizing the resource allocation and operating and management mechanism, improving the efficiency of capital utilization, and maximizing the return of shareholders.

(III) To achieve gradual enhancement of the capability to withstand risks

The Bank enhances its capability to withstand risks gradually through the implementation of capital management, which helps to achieve the close combination of capital requirements with risk levels and risk management capabilities.

III. CAPITAL REPLENISHMENT PLAN

Amid the current international financial environment, regulatory authorities continue to strengthen the supervision on capital of commercial banks and gradually raise the requirements for the capital adequacy ratio of commercial banks. The Bank has formulated the capital replenishment plan based on study on future business development planning, continuously strengthened capital management. We have also established a dynamic capital replenishment mechanism under which we are able to refine capital replenishment channels, improve capital quality, and strengthen constraints on capital, thus enhancing the Bank's ability to withstand risks and meeting increasingly stringent capital regulatory requirements. The future capital replenishment mechanism of the Bank is set out as follows:

(I) Replenishment of internally sourced capital

Firstly, to optimize the income structure and increase profitability. The steady and sustained growth of profits is conditional upon the strong profitability. Therefore, for the development in the next five years, the Bank will further consolidate the foundation for business development, and gradually optimize the business structure and income structure by focusing on scale, quality and efficiency. Meanwhile, we will maintain effective control over unreasonable expenditures and ensure asset quality to further enhance the potential for the growth in internally sourced capital. The optimized income structure will become the main source of replenishment of internally sourced capital.

Secondly, to implement a reasonable profit distribution policy. While ensuring the growth of profits during the operation, the Bank strikes a balance between short-term and long-term interests of shareholders, takes into full consideration the relationship between profit distribution and consolidation of capital to achieve sustainable development. In addition, we apply appropriate forms of payment in rational proportions in respect of profit distribution. All these efforts are aimed to strength our ability of internal build-up and further improve capability of internally sourced capital replenishment.

(II) Replenishment of externally sourced capital

The next five years will witness the relatively rapid growth of the Bank's various businesses. On the basis of the internally sourced capital replenishment mechanism based on profit retention, the Bank, in line with market conditions, will also seek to apply different financing channels in response to the administrative requirements in different times and set up a diversified capital replenishment mechanism. The principal externally sourced capital replenishment plan in the future is as follows:

First, to initiate private placement to attract capital increase by shareholders. The Bank will strictly uphold the philosophy of stable and healthy operation, continuously increase our corporate value, and return the shareholders with a favorable and steady dividend policy. The Bank seeks to raise core tier-one capital and improve our core tier-one capital level by way of private placement of new shares to new and existing shareholders.

APPENDIX I CAPITAL MANAGEMENT PLAN FOR 2021-2025 OF BANK OF QINGDAO CO., LTD.

Second, to issue tier-two capital bonds to replace tier-two capital instruments for which redemption is needed. In view of the common practices of the peers in the market and the actual needs of capital management, the exercise of redemption rights is required for the tier-two capital bonds of RMB5 billion due 2022 previously issued by the Bank. In addition, to maintain a steady capital adequacy ratio and meet the regulatory requirements, the Bank intends to issue tier-two capital bonds in equivalent amount in advance for substituting the said bonds.

Third, to issue preference shares or perpetual bonds in substitute of offshore preference shares for which redemption is needed. In view of the features of the preference shares market, the exercise of redemption rights is required for the offshore preference shares of approximately RMB8 billion due September 2022 previously issued by the Bank. Given that the preference shares to be redeemed by the issuers shall be replaced by the capital instruments under the same category and in equivalent amount, after taking into comprehensive consideration the market conditions and our actualities, the Bank has the need to issue preference shares or perpetual bonds in advance in order to exercise the redemption right in 2022.

Fourth, to issue convertible bonds to diversify the replenishment of core tier-one capital. Subject to regulatory approvals, the Bank will issue convertible bonds as appropriate based on the actual needs of business development, and replenish core tier-one capital upon conversion to equity, to expand capital replenishment channels and form a diversified capital replenishment pattern.

IV. EFFICIENT USE OF CAPITAL

Strengthened constraints on capital and improved efficiency of capital utilization are conducive to securing the stable and healthy operation of the Bank and alleviating the pressure on capital replenishment. Currently, the concepts and methods of capital regulation also reveal that apart from enhancing capabilities of internal build-up of commercial banks, it is necessary to further deepen the concept of capital constraints and truly establish a long-term mechanism for capital constraints. Therefore, to realize rational capital allocation and effective promotion of business expansion, the Bank will strive to achieve efficient use of capital, deepen comprehensive operating capabilities, steadily promote institutional build-up, and improve capital returns.

(I) Improvement of asset portfolio and efficient use of capital

Looking forward into our operation, the Bank will optimize its asset portfolio and steadily advance structural adjustments. The Bank will take a reasonable approach to the grant of credit in terms of scale and pace, and gradually strengthen the ability to tackle economic cyclical fluctuations. The grant of credit loans will give priority to industries corresponding to national industrial policies and to small and medium-sized enterprises whose risk exposure is under control. Credit loans for high-quality enterprises will be increased to form a reasonable layout for large, medium and small customers. Reasonable control will be maintained over the growth

APPENDIX I CAPITAL MANAGEMENT PLAN FOR 2021-2025 OF BANK OF OINGDAO CO., LTD.

of risky assets based on market changes and risk factors. More emphasis will be put on counterparties and maturity of transactions. A balance will be stricken between risks, returns, and capital occupancy to increase risk mitigation level and use the capital in a full and effective manner by steering the capital towards businesses that are less capital occupancy and generate higher returns.

(II) To stimulate financial innovation and deepen comprehensive operating capabilities

While growing the traditional business, the Bank will boost innovation as permitted by the policy. In accordance with business development, on the basis of increasingly solidified basic sessions including customers, products, and channels, the Bank will make more efforts in promoting the revenue from intermediate businesses and change the mode of profit growth. In this way, we are able to realize the simultaneous development of traditional business and emerging business, and further improve the efficiency of capital utilization and our competitiveness.

V. MEASURES TO SAFEGUARD CAPITAL MANAGEMENT

Looking forward, the Bank will continue to refine our capital management system, strengthen capital constraints and management, optimize capital allocation and appraisal on capital performance, reinforce capital coordination and dynamic monitoring, and regularly carry out stress tests, so as to ensure the effectiveness of capital management.

(I) Gradual improvement of capital management system

To further improve our capital management, the Bank has released the "Measures for Capital Management of Bank of Qingdao Co., Ltd.", which specifies the organizational structure of capital management, the duties of the Board of Directors, senior management, Board of Supervisors, the capital management departments, units responsible for coordination and execution etc., and clarifies the management systems for regulatory capital, economic capital, and book capital. The Measures is conducive to laying a foundation for the implementation of new regulatory standards and boosting the stable and healthy development of our business. During our operation ahead, the Bank will continue to adjust relevant contents in a timely manner in accordance with new regulatory requirements and improve our capital management system.

(II) To improve the performance appraisal system and strengthen the appraisal of capital occupancy

A scientific and reasonable evaluation system is the most important element of and foundation for the realization of the Bank's strategy. With the increasing improvement of the corporate governance structure and based on the need for business management, the Bank has introduced advanced tools such as economic capital and economic value added, and has applied such tools to the evaluation mechanism. The implementation of this mechanism will refine and

APPENDIX I CAPITAL MANAGEMENT PLAN FOR 2021-2025 OF BANK OF OINGDAO CO., LTD.

decompose capital, and reasonably evaluate the profitability under different capital consumption. In our future operations, the Bank will, through scientific economic capital management and appraisal of capital occupancy, continue to improve its performance appraisal system to restrict the expansion of high-risk assets business, reduce capital consumption, and effectively promote the aligned growth of the Bank's scale of capital and risky assets, thus effectively integrating the concept of capital and capital management into all aspects of operation and management to maximize capital gains and to achieve the aim of capital management.

(III) To improve internal capital assessment procedures and enhance capital monitoring

The Bank will gradually improve the risk management framework and internal capital adequacy assessment procedures, cautiously assess various major risks, evaluate capital adequacy level and capital quality, and ensure that capital level is aligned with risk appetite and risk management level; ensure that capital planning is in line with the Bank's operating conditions, the trend of changes in risks as well as the long-term development strategy. Meanwhile, regular monitoring and evaluation will be implemented to analyze changes in the total amount of risky assets, changes in structure and changes in capital adequacy ratio. We will make adjustment to the business structure in a timely manner based on changes in the macro environment, regulatory requirements and market conditions.

(IV) To strengthen stress testing and improve emergency plans for capital replenishment

The Bank will establish a stress testing system and take stress testing as an important part of assessment procedures of the internal capital adequacy. The test encompasses major risks each business line facing. The Bank will keep abreast with changes in the external environment in a timely manner, fully consider the impact of the economic cycle on risks and capital adequacy ratio, and ensure that sufficient capital level is maintained in response to changes in adverse market conditions. Meanwhile, the Bank will also formulate and improve the capital emergency plan, clarify the corresponding policy arrangements and response measures in the stress test scenarios, ensure that the capital needs are met, and adopt control on cap of risk assets, adjust related business authority, and limit the development of businesses with intensive occupancy of capital and other means in line with management needs, if necessary, to ensure that the capital is maintained at a stable and healthy level.

NOTICE OF 2020 FIRST EXTRAORDINARY GENERAL MEETING

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BQD 🚨 青岛银行

Bank of Qingdao Co., Ltd.* 青鳥銀行股份有限公司*

(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)

NOTICE OF 2020 FIRST EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2020 first extraordinary general meeting (the "2020 First EGM") of Bank of Qingdao Co., Ltd. (the "Bank") will be held at No. 6 Qinling Road, Laoshan District, Qingdao, Shandong Province, the People's Republic of China (the "PRC"), at 9:00 a.m. on Thursday, 17 September 2020 for the purposes of considering and, if thought fit, passing the following resolutions:

ORDINARY RESOLUTIONS

- 1. To consider and approve the resolution regarding the issuance of tier-two capital bonds of Bank of Qingdao Co., Ltd.
- 2. To consider and approve the resolution regarding the Capital Management Plan for 2021-2025 of Bank of Qingdao Co., Ltd.

By order of the Board

Bank of Qingdao Co., Ltd.*

GUO Shaoquan

Chairman

Qingdao, Shandong Province, the PRC, 31 August 2020

As at the date of this notice, 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 out banking and/or deposit-taking business in Hong Kong.

NOTICE OF 2020 FIRST EXTRAORDINARY GENERAL MEETING

Notes:

1. Pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), all resolutions proposed at the meeting shall be voted by poll, except for those related to procedural or administrative matters to be voted by a show of hands as permitted by the chairman. Results of the poll voting will be published on the websites of the Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Bank (www.qdccb.com) as required by the Listing Rules.

2. Closure of register of members and eligibility for attending and voting at the 2020 First EGM

H shareholders of the Bank are advised that the share register will be closed from Monday, 14 September 2020 to Thursday, 17 September 2020 (both days inclusive). To be eligible for attending and voting at the 2020 First EGM, the transfer documents together with relevant share certificates and other appropriate documents must be deposited at the H share registrar of the Bank, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Friday, 11 September 2020. H Shareholders whose names appear on the H share register of members of the Bank at the close of business on Monday, 14 September 2020 are entitled to attend and vote at the 2020 First EGM. Pursuant to the requirement of the Articles of Association of the Bank, where a shareholder pledges 50% or more of his/her equity interests in the Bank, the voting rights of such shareholder at the 2020 First EGM shall be subject to restrictions.

3. Proxy

Any shareholder entitled to attend and vote at the 2020 First EGM is entitled to appoint one or more persons (whether such person is a shareholder of the Bank or not) as his/her proxy or proxies to attend and vote on his/her behalf at the 2020 First EGM. As far as all joint shareholders of any shares are concerned, only the joint shareholder whose name appears first in the share register of members has the right to receive the share certificate of the relevant shares from the Bank, to receive notices of the Bank and any notice served on such a shareholder shall be treated as having been served on all the other joint shareholders of those shares. In the case of joint shareholders, any one shareholder may sign the proxy form(s). In the event that more than one joint shareholder attends the meeting in person or by proxy, the vote of the senior joint shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint shareholder(s) and for this purpose, seniority will be determined by the order in which the names stand in the share register of members in respect of the joint shareholding.

The appointment of a proxy must be in writing with a form under the hand of the appointer or his/her attorney duly authorised in writing. For a corporate appointer, the proxy form must be affixed with the common seal or signed by its director or attorney duly authorised in writing. To be valid, the instrument appointing a proxy together with the power of attorney or other authorisation document (if any) or a notarially certified copy of that power of attorney or other authorisation document must be completed and returned to the Bank's H share registrar (for H shareholder(s)) or the Bank's PRC registered office and principal place of business (for A shareholder(s)) not less than 24 hours before the designated time for the holding of the 2020 First EGM or any adjournment thereof. Completion and return of the form(s) of proxy will not preclude shareholders from attending and voting in person at the 2020 First EGM or at any adjournment if he/she so wishes.

4. Others

- (1) The 2020 First EGM is estimated to last no longer than a working day. Shareholders who attend the meeting in person or by proxy shall bear their own traveling and accommodation expenses.
- (2) Address of Computershare Hong Kong Investor Services Limited:

17M Floor, Hopewell Centre 183 Queen's Road East, Wanchai Hong Kong Tel: (852) 2862 8555

Tel: (852) 2862 8555 Fax: (852) 2865 0990

Address of the PRC registered office and principal place of business of the Bank:

No. 6 Qinling Road Laoshan District Qingdao Shandong Province the PRC

Tel: +86 40066 96588 ext 6 Fax: +86 (532) 8578 3866