
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, 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 and reply slip 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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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)
(Stock code: 3866)

WORK REPORT OF THE BOARD OF DIRECTORS FOR 2015
WORK REPORT OF THE BOARD OF SUPERVISORS FOR 2015
REPORT FOR FINAL FINANCIAL ACCOUNTS FOR 2015
PROFIT DISTRIBUTION PLAN FOR 2015
ENGAGEMENT OF DOMESTIC AND FOREIGN AUDITORS AND
THEIR REMUNERATION FOR 2016
APPOINTMENT OF MR. SUN GUOLIANG AS SHAREHOLDER
SUPERVISOR
SPECIAL REPORT ON RELATED PARTY TRANSACTIONS FOR 2015
GENERAL MANDATE TO ISSUE SHARES
PLAN ON AUTHORISATION TO THE BOARD GRANTED BY THE
GENERAL MEETING
AND
NOTICE OF 2015 AGM

The letter from the Board is set out on pages 3 to 12 of this circular.

A notice convening the 2015 AGM to be held at Conference Hall, 4th Floor, No. 68 Hong Kong Middle Road, Shinan District, Qingdao, Shandong Province, the PRC at 9:00 a.m. on Tuesday, May 10, 2016 is set out on pages 35 to 38 of this circular.

If you intend to attend the 2015 AGM and/or vote thereat in person, you are required to (i) complete the enclosed reply slip in accordance with the instructions printed thereon and return it to the H share registrar on or before Wednesday April 20, 2016; and (ii) complete the enclosed proxy form in accordance with the instructions printed thereon and return it to the H share registrar as soon as possible but in any event not less than 24 hours before the designated time for the holding of the 2015 AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the 2015 AGM or any adjournment thereof.

* *Bank of Qingdao Co., Ltd. is not an authorised 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 authorised to carry out banking and/or deposit-taking business in Hong Kong.*

March 24, 2016

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DEFINITIONS

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

“2015 AGM”	the 2015 annual general meeting of the Bank to be held at Conference Hall, 4th Floor, No. 68 Hong Kong Middle Road, Shinan District, Qingdao, Shandong Province, the PRC at 9:00 a.m. on Tuesday, May 10, 2016
“Articles of Association”	the Articles of Association of the Bank
“Bank” or “BQD”	Bank of Qingdao Co., Ltd. (青島銀行股份有限公司), a joint stock company established on November 15, 1996 with limited liability in accordance with the Company Law of the PRC (中華人民共和國公司法), and the H Shares of which are listed on the Hong Kong Stock Exchange (Stock Code: 03866)
“Board” or “Board of Directors”	the board of directors of the Bank
“Board of Supervisors”	the board of supervisors of the Bank
“CBRC”	the China Banking Regulatory Commission (中國銀行業監督管理委員會)
“Commercial Bank Law”	Commercial Bank Law of the People’s Republic of China
“Company Law”	Company Law of the People’s Republic of China
“Director(s)”	the director(s) of the Bank
“Domestic Shareholder(s)”	holder(s) of Domestic Shares
“Domestic Shares”	ordinary shares of nominal value of RMB1.00 each issued by the Bank in the PRC, which are subscribed for in RMB
“EVA”	Economic Value Added
“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

DEFINITIONS

“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“IPO”	Initial Public Offering
“PBOC”	The People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC” or “China”	the People’s Republic of China, excluding, for the purposes of this circular, Hong Kong, Macau Special Administrative Region and Taiwan
“Qingdao CBRC”	Qingdao Supervision and Administration Bureau of China Banking Regulatory Commission (中國銀行業監督管理委員會青島監管局)
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	Domestic Shares and/or H Shares of the Bank
“Shareholder(s)”	holder(s) of Shares
“Supervisor(s)”	the supervisor(s) of the Bank

LETTER FROM THE BOARD

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)
(Stock code: 3866)

Members of the Board:

Executive Directors:

GUO Shaoquan (*Chairman*)
WANG Lin
YANG Fengjiang

Non-executive Directors:

ZHOU Yunjie
Rosario STRANO
WANG Jianhui
TAN Lixia
Marco MUSSITA

Independent Non-executive Directors:

WANG Zhuquan
DU Wenhe
WONG Tin Yau, Kelvin
CHEN Hua

**Registered Address and
Address of Head Office**

No. 68 Hong Kong Middle
Road
Shinan District
Qingdao
Shandong Province
PRC

**Principal Place of Business
in Hong Kong**

36th Floor, Tower Two,
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

To the Shareholders

**WORK REPORT OF THE BOARD OF DIRECTORS FOR 2015
WORK REPORT OF THE BOARD OF SUPERVISORS FOR 2015
REPORT FOR FINAL FINANCIAL ACCOUNTS FOR 2015
PROFIT DISTRIBUTION PLAN FOR 2015
ENGAGEMENT OF DOMESTIC AND FOREIGN AUDITORS AND
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PLAN ON AUTHORISATION TO THE BOARD GRANTED BY THE
GENERAL MEETING
AND
NOTICE OF 2015 ANNUAL GENERAL MEETING**

I. INTRODUCTION

The Board of Directors invite you to attend the 2015 AGM to be held at Conference Hall, 4th Floor, No. 68 Hong Kong Middle Road, Shinan District, Qingdao, Shandong Province, the PRC at 9:00 a.m. on Tuesday, May 10, 2016. Ordinary resolutions and special resolutions will be proposed at the 2015 AGM for the Shareholders to consider and approve, at their discretion, the followings:

ORDINARY RESOLUTIONS

1. to consider and approve the resolution on the work report of the Board of Directors of Bank of Qingdao Co., Ltd. for 2015;

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LETTER FROM THE BOARD

2. to consider and approve the resolution on the work report of the Board of Supervisors of Bank of Qingdao Co., Ltd. for 2015;
3. to consider and approve the resolution for final financial accounts of Bank of Qingdao Co., Ltd. for 2015;
4. to consider and approve the resolution on the profit distribution plan of Bank of Qingdao Co., Ltd. for 2015;
5. to consider and approve the resolution on engagement of domestic and foreign auditors and their remuneration of Bank of Qingdao Co., Ltd. for 2016;
6. to consider and approve the resolution on appointment of Mr. Sun Guoliang as the Shareholder Supervisor of Bank of Qingdao Co., Ltd.;
7. to consider and approve the resolution on the special report on related party transactions of Bank of Qingdao Co., Ltd. for 2015;

SPECIAL RESOLUTIONS

8. to consider and approve the resolution on general mandate to issue Shares of Bank of Qingdao Co., Ltd.;
9. to consider and approve the resolution on the plan on authorisation to the Board by the general meeting of Bank of Qingdao Co., Ltd..

In addition, Shareholders will listen to the *Evaluation Report on the Performance of Duties by the Board and Directors of Bank of Qingdao Co., Ltd. for 2015* and the *Evaluation Report on the Performance of Duties by Supervisors of Bank of Qingdao Co., Ltd. for 2015* at the 2015 AGM.

II. MATTERS TO BE CONSIDERED AT THE 2015 AGM

1. Work Report of the Board of Directors for 2015

For the work report of the Board of Directors for the year ended 31 December 2015, please refer to Appendix I of the circular.

2. Work Report of the Board of Supervisors for 2015

For the work report of the Board of Supervisors for the year ended 31 December 2015, please refer to Appendix II of the circular.

LETTER FROM THE BOARD

3. Report for Final Financial Accounts for 2015

The Bank has prepared its annual financial statements for the year end December 31, 2015 based on the PRC accounting standards and the International Financial Reporting Standards. KPMG Huazhen (LLP) and KPMG have audited such financial statements, respectively, and have issued their standard audit reports without any qualification. The final financial accounts for 2015 of the Bank are reported as below:

(1) Final financial accounts based on the PRC accounting standards

In 2015, the Bank realized operating income of approximately RMB5,007 million, representing a growth of approximately RMB667 million or 15.36% from the corresponding period last year; operating expense of approximately RMB2,675 million, representing a growth of approximately RMB257 million or 10.63% from the corresponding period last year; total profit of approximately RMB2,349 million, representing a growth of approximately RMB391 million or 19.94% from the corresponding period last year; net profit of approximately RMB1,814 million, representing a growth of approximately RMB318 million or approximately 21.29% from the corresponding period last year.

As at the end of 2015, total asset amounted to approximately RMB187,235 million, representing a growth of RMB31,069 million or 19.89% from the beginning of the year; the quality of assets was relatively stable, with non-performing loan ratio of 1.19% and non-performing loan coverage of 236.13%.

(2) Final financial accounts based on the International Financial Reporting Standards

In 2015, the Bank realized operating income of approximately RMB5,006 million, representing a growth of approximately RMB640 million or 14.67% from the corresponding period last year; profit before tax of approximately RMB2,349 million, representing a growth of approximately RMB391 million or 19.94% from the corresponding period last year; net profit of approximately RMB1,814 million, representing a growth of approximately RMB318 million or approximately 21.29% from the corresponding period last year.

As at the end of 2015, total asset amounted to approximately RMB187,235 million, representing a growth of RMB31,069 million or 19.89% from the beginning of the year; the quality of assets was relatively stable, with non-performing loan ratio of 1.19% and non-performing loan coverage of 236.13%.

(3) Differences between the PRC accounting standards and the International Financial Reporting Standards

The difference in operating income is attributable to the inclusion of other business expenses as well as non-operating income and expenses based on the International Financial Reporting Standards.

LETTER FROM THE BOARD

For details of the audited financial information of the Bank for the year ended December 31, 2015 prepared based on the International Financial Reporting Standards, please refer to the financial statements as set out in the 2015 annual report to be published by the Bank.

4. Profit Distribution Plan for 2015

The financial statements of the Bank for 2015 prepared in accordance with China Accounting Standards for Business Enterprises (“CASBE”) have been audited by KPMG Huazhen (Special General Partnership) which has issued an auditor’s report with unqualified opinions (KPMG Huazhen No. 1600191) and the financial statements of the Bank prepared in accordance with International Financial Reporting Standards (“IFRS”) have been audited by KPMG Certified Public Accountants which has also issued an auditor’s report with unqualified opinions. Based on the aforesaid audited financial statements, the net realized profits of the Bank for 2015 recorded in both of the financial statements prepared in accordance with CASBE and IFRS were RMB1,813,776,059.51. Pursuant to the profit of the Bank, the Articles of Association of the Bank and relevant regulatory requirements, the Bank intends to implement the profit distribution plan for 2015 as below:

- (1) 10% of the net profit of the Bank shall be appropriated to statutory general reserve fund, amounting to RMB181,377,605.95; and
- (2) RMB504,553,872.23 shall be appropriated to the general reserve.

For the above items 1 and 2, an aggregate of RMB685,931,478.18 shall be set aside. The remaining undistributed profit for the current year amounted to RMB1,127,844,581.33.

The Bank will distribute to Shareholders whose name appears in the register of members of the Bank on 19 May 2016, a cash dividend of RMB0.20 per Share (inclusive of tax), in aggregate amount of RMB811,742,549.80 calculated at the total share capital of 4,058,712,749 Shares. The dividend for H Shares will be paid in Hong Kong dollars, and the applicable exchange rate will be based on the average of the central parity rates of Renminbi to Hong Kong dollars of the interbank foreign exchange market as announced by the People’s Bank of China on five working days preceding the date of declaration of the dividend at the 2015 AGM (inclusive of the date of convening the 2015 AGM).

Explanation for Tax Exemption and Waiver

(1) For Domestic Shareholders

According to the relevant requirements of the *Individual income tax Law of the People’s Republic of China*, the Bank will withhold and pay the individual income tax at the rate of 20% for those natural person Shareholders whose names appear in the register of members of Domestic Shares on May 19, 2016.

The dividends of Domestic Shareholders without affirmed ownership will be kept temporarily by the Bank and distributed upon the confirmation of the ownership.

LETTER FROM THE BOARD

(2) *For H Shareholders*

Matters in relation to the proposed final dividend and withholding of income tax in respect of dividends to be received by overseas non-resident individual/enterprise Shareholders:

Non-resident enterprise Shareholders

In accordance with the Enterprise Income Tax Law of the People's Republic of China and the related implementation provisions effective from 1 January 2008, the Bank shall withhold and pay enterprise income tax at the rate of 10% for non-resident enterprise shareholders whose names appear on the H-share register on May 19, 2016.

Non-resident individual Shareholders

Pursuant to the Notice on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) promulgated by the State Administration of Taxation on 28 June 2011, dividend received by overseas resident individual shareholders from domestic non-foreign invested enterprises which have issued share in Hong Kong are subject to individual income tax, which shall be withheld and paid by such domestic non-foreign invested enterprises acting as a withholding agent according to relevant laws; however, the overseas resident individual shareholders of the shares issued by domestic non-foreign invested enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax arrangements between the countries where they reside and China and the tax arrangements between Mainland China and Hong Kong/Macau.

In accordance with the above tax regulations, the Bank shall withhold and pay enterprise income tax at the rate of 10% for individual holders of H Shares of the Bank unless otherwise specified by the relevant tax regulations and tax agreements, in which case the Bank will conduct specific procedures according to the relevant regulatory requirements of tax authorities.

If in any doubt as to the above arrangement, H Shareholders of the Bank may consult with their tax consultants on the advices of the tax implications involved in holding and disposing of H Shares of the Bank in Mainland China, Hong Kong and other countries (regions).

Closure of register of members and eligibility for final dividend distribution

The Share register for H Shares of the Bank will be closed from Saturday, May 14, 2016 to Thursday, May 19, 2016 (both days inclusive). In order to be entitled to the final dividend distribution, the H Shareholders of the Bank who have not registered are required to deposit the transfer documents together with relevant share certificates at the

LETTER FROM THE BOARD

H Share registrar of the Bank, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Friday, May 13, 2016. Shareholders whose names appear on the register of members of the Bank at the close of business on Thursday, May 19, 2016 are entitled to the final dividend distribution.

5. Engagement of Domestic and Foreign Auditors and their Remuneration for 2016

The Bank will propose to engage KPMG Huazhen (LLP) as the domestic auditor of the Bank for 2016 and KPMG as the foreign auditor of the Bank for 2016 in the 2015 AGM, and the audit fees for the domestic and foreign financial statements for 2016 and the review fee for the foreign half-yearly financial statements amount to RMB3.2 million in aggregate.

6. Appointment of Mr. Sun Guoliang as Shareholder Supervisor of the Bank

As Mr. Fan Jianjun has retired from the shareholding company of the Bank and resigned as the Shareholder Supervisor and the member of Supervision Committee under the Board of Supervisors of the Bank on March 8, 2016, the resolution of electing Mr. Sun Guoliang (“**Mr. Sun**”) as a Shareholder Supervisor of the sixth session of the Board of Supervisors of the Bank as nominated by the Board of Supervisors is proposed at the general meeting of the Shareholders for approval. His term of office would commence from the date of approval for electing him as a supervisor by the general meeting to the expiry of the term of the current session of the Board of Supervisors.

Biographical details of Mr. Sun are as below:

Mr. Sun Guoliang, aged 59, a member of the Communist Party of China, has acted as a member of the Party Committee, a director and deputy manager of Qingdao Huatong State-owned Capital Operation (Group) Co., Ltd. (青島華通國有資本運營(集團) 有限責任公司) (“**Qingdao Huatong**”) and the chairman, chief executive officer and general manager of Qingdao Huatong Business Travel & Real Estate Co., Ltd. (青島華通商旅地產有限責任公司) since September 2015. He has also served as a director of Qingdao Aucma Company Limited (青島奧柯媽股份有限公司) since April 2014, the chairman of Qingdao Zhongshan Shopping Mall Co., Ltd. (青島中山商城有限公司) since October 2011, and a director of Qingdao Yangfan Shipbuilding Co., Ltd. (青島揚帆船舶製造有限公司) and Qingdao Shipyard Co., Ltd. (青島造船廠有限公司) since May 2011. Mr. Sun was the deputy manager and a member of the Party Committee of Qingdao Huatong from February 2008 till June 2015; the director of the Investment Department, the director and deputy general manager of the General Office and a member of the Party Committee of Qingdao Hongxin Company (青島弘信公司) from October 2000 till February 2008; the deputy section chief of the Urban Society Section and the deputy section chief of the General Department of the Information Research Office under the Municipal Government of Qingdao from July 1998 till October 2000; the secretary, deputy departmental secretary, departmental secretary, assistant researcher and deputy director of the Inspection Section of the General Office under the Municipal Government of Qingdao from April 1991 till July 1998; and the secretary, deputy director and director of the General Office of Qingdao No. 2 Vehicles Transportation Co., Ltd. (青島市第二汽車運輸公司) from December 1976 till April 1991. Mr. Sun graduated from Tianjin University majoring in industrial enterprise management with a master's degree in December 1993.

LETTER FROM THE BOARD

Mr. Sun has confirmed that, save as disclosed above, he (1) has not held any other position in the Bank or any of its subsidiaries, nor any directorship in the last three years in any public companies the securities of which are listed on any securities market in Hong Kong or overseas; (2) does not have any relationship with any directors, members of senior management, substantial shareholders or controlling shareholders of the Bank; and (3) does not have or is not deemed to have any interest in any shares of the Bank or any of its associated corporations within the meaning of Part XV of the SFO.

Mr. Sun has confirmed that, apart from those disclosed in this circular, there is no other information in relation to his nomination which is required to be disclosed under Rule 13.51(2)(h) to (v) of the Listing Rules, nor is there any other matter that needs to be brought to the attention of the Shareholders.

If Shareholders pass the appointment of Mr. Sun as the Shareholder Supervisor at the 2015 AGM, his term of office would commence from the date of approval by the 2015 AGM to the expiry of the term of the sixth session of the board of Supervisors in April 2017. Upon the expiry of his term, Mr. Sun would be eligible for re-election. Mr. Sun will enter into the service contract with the Bank upon the appointment becomes effective. During his term as the Shareholder Supervisor of the Bank, Mr. Sun will receive allowance for Shareholder Supervisor of RMB56,000 per annum (after tax) and subsidy for participation of meeting in person of RMB5,000 per time (after tax) from the Bank. Such allowance shall be determined based on applicable laws, regulations and relevant remuneration policies of the Bank.

7. Special Report on Related Party Transactions for 2015

An ordinary resolution on the *Special Report on Related Party Transaction for 2015* of the Bank will be proposed on the 2015 AGM for approval. Please refer to Appendix III of this circular for the text of the *Special Report on Related Party Transaction for 2015* of the Bank.

8. General Mandate to Issue Shares

Given the listing of the Bank in the Hong Kong Stock Exchange, with a view to fully leverage on the financing advantages of the capital market and capitalise on the financing channel in the market, the Board, with reference to market practices, proposes to the 2015 AGM for the approval of granting a general mandate to issue Shares to the Board of the Bank and further delegation of authority by the Board in accordance with the requirements of applicable laws and regulations including Hong Kong Listing Rules and the provisions of the Articles of Association of the Bank.

(i) Specific plan on the general mandate to issue Shares

- (1) Pursuant to the condition listed in (2) below and under the premise of compliance with the laws and regulations, the Board shall be authorised to separately or concurrently issue, allocate or otherwise deal with overseas-listed foreign Shares and/or Domestic Shares (including A Shares) as well as securities convertible into Shares during the Relevant Period (as defined below).

LETTER FROM THE BOARD

“Relevant Period” means the period from the date of passing this resolution on authorisation by 2015 AGM until the earliest of: (1) the conclusion of 2016 annual general meeting of the Bank; (2) the expiration of the 12-month period following the passing of this resolution at the 2015 AGM; (3) the date on which the authorisation referred to in this resolution is revoked or varied by a special resolution at any general meeting of the Bank.

- (2) The Board shall be authorised to issue, allocate or otherwise deal with overseas-listed foreign Shares and Domestic Shares, and the respective amount shall not exceed 20% of the respective total number of issued class of shares of overseas-listed foreign Shares and Domestic Shares at the date on which this resolution is passed by the 2015 AGM (among which, the number of overseas-listed foreign Shares/Domestic Shares converted shall be counted for the issuance of securities convertible into Shares).
- (3) The Board shall be authorised to: (1) formulate and implement the detailed issue proposal which includes, but without limitation, the class of Shares to be issued and allocated, the pricing mechanism and/or the issue price (including a price range), the number of Shares to be issued, the target subscribers and the application of proceeds; to determine the timing of the issue, the issue period and the use of proceeds; (2) deal with matters in relation to the increase in registered capital of the Bank as to reflect the Shares to be issued under the authorisation granted under this resolution, and make any amendments to clauses in the Articles of Association of the Bank in relation to issue of Shares and registered capital as it duly thinks necessary; (3) take any other necessary actions and proceed other necessary procedures in order to implement the issue proposal and realize the increase in registered capital of the Bank; (4) determine other matters related to the aforesaid issuance.

(ii) Relevant authorisation

To increase the efficiency in decision-making, reduce the internal approval procedures and seize market opportunities, in relation to the general mandate to issue Shares, it is proposed to Board and then to the 2015 AGM for approval to authorise the Board, and the Board further to authorise the authorised person(s) of the Board, to deal with matters regarding the general mandate to issue shares during the Relevant Period. The above authorisation to the authorised person by the Board shall be determined by the Board upon the exercise of the general mandate under this resolution.

9. Plan on Authorisation to the Board Granted by the 2015 AGM

In order to optimize the corporate governance structure and enhance efficiency of the decision marking, the Bank has formulated the Plan on Authorization to the Board Granted by the General Meeting of Bank of Qingdao Co., Ltd. pursuant to relevant laws and regulations including the Company Law and applicable requirements such as the provisions of the Articles of Association of Bank of Qingdao Co., Ltd. after taking account of the actual situations of the Bank. For details of the plan, please refer to Appendix IV of this circular.

LETTER FROM THE BOARD

III. OTHERS

In addition, Shareholders will listen to the *Evaluation Report of Bank of Qingdao Co., Ltd. on the Performance of Duties by the Board and Directors for 2015* and the *Evaluation Report of Bank of Qingdao Co., Ltd. on the Performance of Duties by Supervisors for 2015* at the 2015 AGM.

IV. THE 2015 AGM

The Bank intends to convene the 2015 AGM at Conference Hall, 4th Floor, No. 68 Hong Kong Middle Road, Shinan District, Qingdao, Shandong Province, the PRC, at 9:00 a.m. on Tuesday, May 10, 2016 to consider and, if thought fit, to pass matters as set out in the notice of the 2015 AGM. A notice, a circular, a form of proxy and a reply slip of the 2015 AGM have been despatched to the Shareholders in accordance with the Listing Rules on March 24, 2016. The notice of the 2015 AGM is set out on pages 35 to 38 of this circular.

If you intend to attend the 2015 AGM, you are required to complete and return the enclosed reply slip to the H Share registrar of the Bank on or before Wednesday, April 20, 2016.

Completion and return of the form(s) of proxy will not preclude you from attending and voting in person at the 2015 AGM or at any adjournment, and completion and return of the reply slip do not affect the right of a Shareholder to attend and vote at the respective meeting.

Closure of Register of Members and Eligibility to Attend and Vote at the 2015 AGM

The share register of members of the Bank will be closed from Sunday, April 10, 2016 to Tuesday, May 10, 2016 (both days inclusive), during which period no share transfer will be registered. In order to be eligible to attend and vote at the 2015 AGM, H Shareholders 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 (address: Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) no later than 4:30 p.m. on Friday, April 8, 2016. Shareholders whose name appears in the register of members of the Bank at the close of business on Tuesday, May 10, 2016, will be eligible to attend and vote at the 2015 AGM.

V. METHODS OF VOTING AT THE 2015 AGM

Pursuant to the requirements of Rule 13.39(4) of the Hong Kong Listing Rules, voting by the Shareholders at the 2015 AGM shall be taken by the way of poll.

LETTER FROM THE BOARD

Please be advised that pursuant to the Article 60 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 as well as the Director(s) nominated by such shareholder at the 2015 AGM shall be subject to restrictions.

VI. RECOMMENDATIONS

The Board (including the independent non-executive Directors) considers that the resolutions to be proposed at the 2015 AGM are in the interests of the Bank and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of all resolutions to be proposed at the 2015 AGM.

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

Shandong, the PRC, March 24, 2016

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**WORK REPORT OF THE BOARD OF DIRECTORS OF BANK OF QINGDAO
CO., LTD. FOR 2015**

In 2015, the banking industry was exposed to rising credit and market risks with increasing impact from Internet and innovative financial products amid the heightened macroeconomic downsides. Despite the challenges, the Board performed scientific decision-making to stride ahead, introducing a compelling investment story to deliver our H-share IPO success while promoting business innovations and management transformation to standardize corporate governance, improve overall capital management and exercise strict risk management and internal control. Thanks to these efforts, the Bank steered its healthy growth into a new era of leap-forward development and generated desirable returns for Shareholders.

As of the end of 2015, the Bank's total assets amounted to RMB187.235 billion, representing an increase of 19.89%; total deposit balance reached RMB115.3 billion, increased by 13.36%; outstanding loans totaled RMB72.696 billion, increased by 15.41%; net profit for the year was RMB1.814 billion, a year-on-year increase of 21.29%; return on total assets stood at 1.06% and weighted average return on net assets reached 13.74%. All of the indicators under regulation meet regulatory requirements, including the non-performing loan ratio of 1.19%, the allowance coverage ratio of 236.13% and allowance to gross loan ratio of 2.81%. The Bank's growing public recognition and brand reputation are demonstrated by, among others, its ranking of 434th among the world's top 500 banks selected by *The Banker*, a UK magazine, the "Golden Dragon Award" for five consecutive years and the titles of "Best Small and Medium Bank" and "Top 10 Financial Institutions in Internet Financial Innovation" in 2015.

I. Summary of the Major Work of the Board in 2015

In 2015, the Board convened 12 meetings, 4 of which were on-site meetings and 8 of which were held by way of correspondence, involving resolutions on 56 major issues such as the 2014 Work Report of President, the financial budget and final accounts report, and the profit distribution plan. At the meetings, 37 special reports were received or reviewed, including various risk management reports, internal and external audit reports, external auditors' recommendation letter to management and rectification report.

(I) Accomplishing the IPO process to play a leading role in strategies

Responding to the domestic economic and financial complications in 2015, the Board of Directors conducted regular strategic reviews and expedited business transformation to highlight our compelling investment story, leading our Bank to opportunistically debut on international capital market.

Completed the application for listing and issuance of H Shares. In the course of expediting the application for listing in the H share market, the Board of Directors, pursuant to domestic and overseas regulatory requirements, amended nearly 20 rules and regulations including the Articles of Association, rules of procedures for shareholders' meetings, the Board of Directors and the Board of Supervisors, and working rules for special committees of the

Board. It also considered over 20 listing-related resolutions such as our Bank's general mandate to issue shares, the H-share Prospectus and Global Offering matters, leading our Bank to efficiently complete the approval procedures of the listing. During the marketing and listing processes, our Bank's investment highlights including its innovative "Interface Bank" platform for client acquisition, competitive broader retail and fast-growing asset management business were resonated well in the capital market and attracted great attention from investors. We achieved market-oriented and internationalized IPO pricing, despite the background of comparable banks trading below their net asset value per share. The Board's strategy to develop our Bank into an exceptional city commercial bank under a prudent and sustainable growth model has been well tested by the capital market and recognized by investors.

Assessed and guided the implementation of strategies. The Board considered the 2014 performance report on the 2013-2015 Strategic Plan of the Bank of Qingdao, assessed target attainment, progress of major strategies and appropriateness of strategic measures in 2014, and outlined visionary strategies for our Bank's development and operations based on the progress of H-share listing, preference of the international capital market and investors' focuses.

Materialized operational transformation. To steadily facilitate our transformation and innovation-driven development in line with macro dynamics and market preference, the Board led our Bank to launch "Interface Bank", an innovative model for customer acquisition which connects to the IT systems of our partners including metro operator, hospitals, industrial parks and conglomerates to provide deposit and loan products for their upstream and downstream clients. By tapping into Internet finance and the "Interface Bank" platform, we vigorously developed retail business to increase the proportion and revenue contribution of retail deposits and loans, which accounted for 38.98% of total deposits and loans as at the end of the year and contributed 16.35% of gross profit. Confronted with narrowing interest margin and growing risks, we improved the financial market business management system, strengthened teambuilding and developed distinctive, targeted and specialized asset management business. As a result, the assets under management of our financial market segment increased by 41.86% year-on-year to RMB126.085 billion, contributing 38.00% of gross profit. We promoted diversified and integrated operations of our Bank to cultivate new profit drivers in the new competitive era of the financial sector. We adhered to technology-driven development and ensured adequate investments in technology to facilitate the ongoing innovation and improvement in our direct banking, mobile banking and other mobile finance offerings.

(II) Developing capital management tools to effectively function in capital management

In 2015, the Board proactively performed its duties in capital management by leading our Bank to explore diversified capital replenishment channels, monitoring our capital management conditions on a regular basis and keeping liquidity risks under close scrutiny.

Achieved capital replenishment via diversified channels. Led by the Board, our Bank completed capital increase with RMB2 billion proceeds, successfully issued RMB2.2 billion tier-2 capital bonds, and accomplished the H Share IPO process with HK\$4.499 billion proceeds. Capital replenishment channels were utilized in combination to lay a solid foundation for our operations.

Performed intensive capital management. In order to build a capital-efficient bank, the Board constantly optimized our capital management tools, improved our EVA performance appraisal system, and maximized the guiding role of appraisal metrics including economic capital and economic added value to foster a model for organic growth. We led our Bank to improve capital efficiency by effective use of capital and selectively developing capital-light, high-return business. In 2015, our non-interest revenue reached RMB891 million, representing an increase of 15.97% over the past year and 17.81% of principal operating revenue. The Board supported our Bank in building up branches featuring integrated operations to enhance our capacity to provide diversified financial services.

Monitored the capital management conditions regularly. The Board received the 2014 Assessment Report of the Bank of Qingdao on Internal Capital Adequacy to learn about the indicators and results of stress tests regarding capital adequacy ratio, and assessed management of various risks related to our assets and the implementation of annual risk appetite and risk limits, etc.

(III) Implementing comprehensive risk management to effectively prevent various risks

In 2015, we witnessed growing revelations of credit risks in asset-heavy industries such as real estate, steel and energy sectors and frequent occurrences of systematic and regional financial cases. As a result, risk resistance and control capabilities of banks became a major concern of investors. Addressing the complicated operating environment and pressure from capital markets, the Board introduced prudent risk appetite and limits at the beginning of the year and adopted comprehensive risk management measures, keeping various risks under effective control.

Formulated the overall strategy of risk management. The Board formulated the 2015 Business Risk Appetite Plan of the Bank of Qingdao which underscored the fundamental principle of balancing operating performance with asset quality, determined our robust performance indicators and set prudent risk limits covering credit risk, liquidity risks, etc. The Board also required full assessments of various costs of risks in our business development and supervised the implementation of risk policies.

Implemented effective and comprehensive risk management. The Board kept a close eye on the changing risks in the complicated operating environment, particularly the overlapping of systematic risks, to build up a comprehensive risk prevention and control system for our Bank. For credit risks, the Board made prudent credit policies and strategies for our Bank based on national and regional economy and development strategies, adjusted and optimized the credit client mix and business mix to improve classified management and risk mitigation for platform-based loans and loans to real estate businesses, and strengthened credit risk management for client clusters to diversify credit risks properly. During the year, our Bank recorded a non-performing loan ratio of 1.19%, lower than the average level of the banking sector either in the whole nation, in Shandong or in Qingdao. For liquidity and market risks, the Board adhered to prudent management of liquidity risks, closely monitored market liquidity conditions, regularly learned about our liquidity risk management situation, reinforced

monitoring of liquidity risk limits and improved the liquidity stress testing system. We also refined market risk management measures, intensified monitoring and dynamic management over market risk-related indicators and introduced new interest rate pricing policy in line with the progress of interest rate liberalization. For operating and compliance risks, the Board constantly improved risk management policies and procedures as well as risk control measures, focused on the implementation of relevant rules and regulations, and stepped up construction of our Bank's technology-empowered risk management system.

Monitored the risk management conditions regularly. The Board received or reviewed five management reports regarding internal capital adequacy, IT risks and other risks annually, received or reviewed five management reports regarding credit risks, compliance risks, operational risks and other risks semi-annually, and reviewed the reports on liquidity risk management and stress tests on a quarterly basis. With an accurate understanding of the effectiveness of our risk management measures through regular review of various risk management reports, the Board put forward requirements and recommendations on key risk management issues and regularly reviewed the implementation thereof.

(IV) Improving the internal control system and strengthening management of internal and external audits

In 2015, the Board further improved our Bank's internal control rules and measures and kept strengthening the supervision effect of internal and external audits during our listing process in accordance with domestic and overseas regulatory requirements.

As to internal control, the Board amended our internal audit rules and basic internal control measures pursuant to the newly-promulgated regulations, engaged professional auditors to carry out internal control assessments and guide our Bank to optimize internal control deficiencies, appraised our annual internal control self-assessment and supervised the operation of our internal control system and measures. No major liability accident and case happened to our Bank during the year.

For internal and external audits, the Board received internal and external audit reports, guided our Bank to conduct special internal financial audits and regularly reviewed all special audit reports and rectification reports. It also listened to work summaries and management recommendations of external auditors, guided the implementation of external audits, regularly learned about external audit conclusions and oversaw the rectification actions.

(V) Improving the incentive and constraint system and promoting its stable running

In 2015, the Board made an appraisal of the comprehensive competency of the Chairman, chief supervisor and president, and formulated the schemes for staff bonuses and senior management's performance bonuses. In line with our H share IPO progress, the Board led our Bank to develop an effective mid- and long-term incentive system for senior management and employees that suits our actual conditions, and gradually improved it in accordance with regulatory requirements and the industry practices.

(VI) Advocating an efficient working mechanism to maintain sound functioning of the Board

In 2015, the Board maintained a sound working mechanism to standardize and refine its operation. The working mechanism of the Board covers decision circulation, implementation assessment and information feedback. The Board office compiled and sent the minutes of Board resolutions and recommendations to the senior management and business lines to supervise the implementation of such decisions. The Board reviewed the 2014 Report of the Bank of Qingdao on Implementation of Decisions and Recommendations of the Board. Sustaining the annual self-assessment mechanism by benchmarking against regulatory standards, the Board analyzed and streamlined the areas to be improved pursuant to the latest regulations and financial regulatory circulars issued by China Banking Regulatory Commission, and considered the 2014 Self-Assessment Report of the Bank of Qingdao on Corporate Governance to assess our corporate governance situation.

(VII) Strengthening self-management of the Board and performing duties of directors diligently

In 2015, the Board successfully completed its rotation which filled the gaps in its structure while maintaining the stability of its overall composition. The post-rotation adjustments including the Board's overall structure and the term and proportion of independent directors all meet the requirements under domestic and oversea regulations. Moreover, the more diversified professions of directors laid a solid foundation for an efficient and professional Board.

During the year, our Directors performed their duties diligently. Each of them attended meetings of the Board and its special committees on time, or appointed in writing other director to attend a meeting as proxy in the case of his/her absence. On average, all of the directors attended two-thirds of the Board meetings in person with an average attendance rate of 94.05%.

The executive Directors, as a bridge of communication between the Board and the management, carried out operations and management according to strategic plans and operating guidelines formulated by the Board, achieving desirably the operating targets set by the Board. With a view to our Bank's long-term interests, non-executive Directors ensured good communication between our Bank and major Shareholders, and guided our Bank to develop distinctive development strategies and advance transformation and upgrading. Independent directors safeguarded minority Shareholders' rights and interests and issued independent opinions on 9 significant events in 2015 including profit distribution, staff bonuses and senior management's performance bonuses, appointment of auditors and material related party transactions. In 2015, independent Directors carried out a special survey on technology-based finance by receiving reports on-site, seminars and field visits to understand overall development of technology-based finance, and put forward recommendations on the roadmap and initiatives for relevant business.

(VIII) Improving the functioning of special committees to put into play their professional supporting role

In 2015, there were 29 meetings held by the special committees of the Board, including 5 meetings of the Audit Committee, 4 meetings of the Risk Management Committee, 3 meetings of the Strategy Committee, one meeting of each of the Remuneration Committee, the Related Party Transactions Control Committee and the Information Technology Committee. At these meetings, 28 resolutions were considered, 19 reports were reviewed, and 3 special reports were received on-site.

In 2015, the Board continuously improved the operational mechanism of the special committees. First, pursuant to domestic and overseas regulations and in light of specialty and background of each Director, the Board refined the composition and professional division of the special committees after its rotation to satisfy the requirements under domestic and overseas regulations in all aspects including the overall structure and proportion of independent Directors of each committee. Second, the Board increased the frequency of on-site meetings of certain special committees including the Risk Management Committee and the Information Technology Committee, received risk management reports on credit, liquidity and compliance risks and the information technology work reports by relevant business lines at such meetings, and had face-to-face communication with relevant personnel to understand our risk management and information technology conditions. Third, the Board formulated the 2015 work plan and, according to it, convened regular committee meetings to discuss the important matters to be submitted to the Board, thereby establishing an operating model of the special committees featuring standardized and regular meeting agenda and frequency.

(IX) Implementing resolutions of general meetings earnestly to advance effective implementation of major resolutions

In 2015, the Board, pursuant to relevant laws and regulations and the Articles of Association, convened one annual general meeting at which 14 resolutions were considered and approved, including the 2014 work reports of the Board of Directors and the Board of Supervisors, the 2014 Final Accounts Report, the 2015 Financial Budget Report and the 2014 Profit Distribution Plan. The Board implemented all resolutions of the general meeting earnestly and carried out dividend distribution for 2014 according to the profit distribution plan. It also re-appointed KPMG Huazhen as our Bank's auditor for 2015, and led our Bank to complete the capital replenishment and issuance of tier-2 capital bonds as well as the H Share IPO process.

II. Work Priorities of the Board for 2016

Looking to 2016, a year mixed with a potential economic downshift, increasing exposure to credit risks and significant volatility on financial market as well as opportunities such as growing financial consumer demands and emerging trend of diversified operations of banks, the Board is positioned to lead our Bank to achieve post-listing sustainable development under the basic strategy of “stimulate drivers, stabilize development, control risks and boost market capitalization”.

(I) Establish scientific development strategies to enhance distinctive competitive advantage

In 2016, since our Bank as an H-share listed bank will face dual challenges from both the capital market and the traditional market, the Board will gradually update our mid- and long-term strategies, reshape our strategic visions and directions in next development period, and quantify various strategic objectives, so as to lead our Bank to achieve another round of leapfrog development. We will lead our Bank to accelerate our capital market-oriented expansion by leveraging upon our advantageous investment highlights, to synergize related business lines including corporate banking, retail banking and financial market segment and information technology, and to expedite and clone our “Interface Bank” model for customer acquisition. We will develop the most convenient retail banking based on “Interface Bank” and wealth management, introduce division management, enrich financial product lines and carry out online and offline joint marketing, in an effort to maximize the growth potential of retail business. We will reform our financial market business system, improve our overall financial innovation capacity and build a strong brand in financial market business. We will also prioritize broader retail and asset management business as our profit growth engines in the next period, and maintain prudent risk appetite to strictly control various risks including credit, operational and reputational risks.

(II) Carry out effective capital management to improve capital efficiency

In 2015, our capital increase, issuance of tier-2 capital bonds and successful H Share listing had consolidated our capital base for operations and development. Next, the Board will focus on guiding our Bank to effectively use the proceeds raised, to explore integrated and internationalized operations, and to obtain an array of financial service licenses for diversified financial services. We will improve our mid-and long-term capital management system, strengthen real-time monitoring of capital usage in various business lines, and expedite transformation of business mix and revenue mix to develop capital-light, high-return business. We will make regular assessments on capital adequacy and capital management conditions to ensure that our capital level matches our risk appetite, and analyze the needs of major risks for capital coverage to rationally deploy capital.

(III) Strengthen comprehensive risk management to effectively enhance risk management level

The Board will strengthen monitoring of and research on the risk profile of the banking sector, promote sound functioning of the comprehensive risk management system led by the Board, and give full play to the functions of the Board and the subordinate Risk Management Committee with an aim at a broader cross-segment and interdepartmental risk management system. We will optimize credit loan procedures and structure and strengthen system construction to improve credit risk management. We will improve the procedures for risk identification, assessment, measurement and control based on optimization of the operational system and processes. We will guide our Bank to set up a data system for compliance risk management through introducing advanced compliance risk management tools.

(IV) Reinforce self-management of the Board to enhance its functioning

In 2016, the Board will, pursuant to regulations and our Bank's development status, keep optimizing various operation mechanisms, build up a highly standardized and marketized operational model of the Board, improve the corporate governance system and continuously refine various special systems on the basis of compliance of basic systems including the Articles of Association with domestic and foreign regulatory requirements. To optimize the functioning of the Board, the Board of Supervisors and special committees, the Board will, pursuant to H Share-related regulatory requirements, improve the regular meeting system of the Board and the Board of Supervisors, put into play the professional guiding role of the special committees, and enhance the Board's decision-making performance in our new round of development. The Board will promote and strengthen special surveys by Directors to enhance its communication with the management and business divisions. We will strengthen professional training of Directors and Supervisors to enhance their performance in fulfilling duties.

In 2016, overshadowed by economic problems including de-capacity and real estate de-bubble, the banking sector was confronted with more complicated market competition and challenges to risk prevention and control. The Board will fully perform its duties, further improve our corporate governance framework and system, and expedite integrated and internationalized development. We will accelerate our business development in investment highlights to continuously showcase our clearly positioned and distinctive development strategies and path to the investors, so as to achieve stable growth of market capitalization through effective access to the capital market. We will also constantly improve the risk management system and enhance our risk management level to forge the BQD into a fast-growing and uniquely positioned listed bank beyond excellence and deliver better return on capital for Shareholders.

**WORK REPORT OF THE BOARD OF SUPERVISORS OF
BANK OF QINGDAO CO., LTD. FOR 2015**

In 2015, the Board of Supervisors of the Bank enhanced self-building by successfully completing the election of the new session of the Board of Supervisors and improving the structure of the Board of Supervisors, and conducted supervision on performance, financial position, internal control and risk management in an in-depth manner in accordance with the requirements of regulatory laws, regulations and the Articles of Association for the purpose of safeguarding the legitimate rights and interests of the Bank, its Shareholders and other stakeholders, which has played an important role in achieving sound development of the Bank.

I. SUMMARY OF THE MAJOR WORK IN 2015**(I) Operating and performing supervision duties in an independent, regulated and compliant manner**

Firstly, meetings of the Board of Supervisors and its special committees were convened according to laws and regulatory requirements so as to perform issue discussion and supervision duties. During the year, the Board of Supervisors convened a total of 5 meetings, including 3 on-site meetings and 2 meetings voted via written communications, at which 19 proposals were considered and 29 reports were received; and the special committees of the Board of Supervisors convened a total of 4 meetings, including 3 meetings convened by the Supervision Committee and 1 meeting convened by the Nomination and Evaluation Committee, at which 11 proposals were considered and 25 reports were received. By convening the aforesaid meetings, the Board of Supervisors conducted effective supervision on various matters including the performance of the senior management, financial position, risk management and internal control.

Secondly, the Board of Supervisors carried out special investigation and research activities to develop a better understanding of the Bank's risk management and to make corresponding recommendations. According to its annual work plan, the Board of Supervisors investigated and studied the risk management of loans to small and micro enterprises to better understand the development of the loan business for small and micro enterprises and relevant risk control measures, with a view to strengthen the risk control and monitoring of loans to small and micro enterprises. By receiving reports delivered by the business line management departments under the head office and paying visits to the front office of the Bank's sub-branches, the Board of Supervisors has developed an understanding of the basic information on the loan business for small and micro enterprises and the risk control measures of the Bank, based on which recommendations were made on risk prevention of loans to small and micro enterprises in various respects including the establishment of Internet finance operation model and the improvement in incentive mechanisms.

Thirdly, the Chairlady of the Board of Supervisors visited Weihai Branch, Dongying Branch, Binzhou Branch and other branches for investigation and research, and made field trips to investigate the operation and management of the branches and the implementation of the policy introduced by the head office, in an effort to develop a better understanding of the actual

situation of the front office of the Bank's branches and to receive comments and suggestions on management proposed by the branches to the head office. In addition, the Chairlady has made recommendations on management of outlets outside of Qingdao.

Fourthly, the Board of Supervisors prepared and issued supervisory recommendation letters to put forward its recommendations made during the supervision process to the senior management for reference. During the year, the Board of Supervisors prepared and issued a total of 3 supervisory recommendation letters, whereby the Supervisors' recommendations on various matters, including financial budget targets, management of outlets outside of Qingdao and disposal of non-performing loans, were submitted to the management for reference.

Fifthly, the Board of Supervisors designated its members to attend the shareholders' general meeting and to be in-attendance at the Board meetings and meetings convened by the senior management, aiming at enhancing supervision efficiency. Specifically, the Supervisors attended the annual general meeting for 2014, were in-attendance at 4 physical Board meetings and reviewed documents considered at 8 Board meetings voted via written communications. The Supervisors were also in-attendance at various meetings convened by the senior management, including President meetings, operation analysis meetings, internal control review meetings and meetings convened by the Risk Management Committee. The Board of Supervisors carried out supervision on the compliance of convening procedures and voting procedures of the Shareholders' general meetings and the Board meetings as well as the performance of the Directors and Supervisors, and put forward supervisory suggestions and recommendations on various matters, especially on financial budget management and risk management.

(II) Deepening supervision on the Bank's priorities

In 2015, the Board of Supervisors deepened its supervision on the Bank's priorities in respect of performance, financial position, internal control and risk management in accordance with the Guidelines on the Functioning of Supervisory Board of Commercial Banks (《商業銀行監事會工作指引》) and other regulatory requirements.

1. Supervision on performance

Firstly, the Directors, Supervisors and senior management were organized to carry out self-assessment on their performance for 2015. The Board of Supervisors conducted a diligent analysis and compiled a summary of the 25 self-assessment reports received from the Directors, Supervisors and senior management, and regards the same as a reference basis for performance assessment.

Secondly, the Board of Supervisors continued to engage external auditors to conduct external assessment on the performance of the Directors and Supervisors for the year, and communicated with the external auditors in respect of the procedures for and contents of performance assessment, thereby continuously improving the targeted indicators of external assessment.

Thirdly, based on its daily supervision findings as well as the 2014 self-assessment reports of the Directors, Supervisors and senior management and the external assessment report, the Board of Supervisors completed the assessment on the performance of the Board and its members, the senior management and its members as well as the Supervisors. Based on the above, the performance assessment report was subsequently prepared. In addition, the Board of Supervisors promptly reported the performance assessment results to the Board, the Board of Supervisors and the senior management as well as the regulatory authorities, and briefed the same at the Shareholders' general meeting.

Fourthly, the Board of Supervisors focused on supervising the compliance of procedures for election and appointment of the Directors and the senior management members. A new session of the Board was elected in 2015. The Board of Supervisors conducted effective supervision on the procedures for election and appointment of the Directors by designating members to be in-attendance at the relevant Board meetings and to attend the Shareholders' general meetings. In addition, the Board of Supervisors was also in-attendance at the first Board meeting of the sixth session of the Board to supervise the procedures for election and appointment of the senior management members.

Fifthly, the Board of Supervisors paid close attention to the implementation of the strategic plans of the Board and the senior management. In response to the changes in the external economic environment and the operating conditions of the Bank, the Board of Supervisors assessed the implementation of strategic plans based on the completion progress of business targets and the implementation particulars of relevant strategic measures, and recommended to highlight the guiding role of strategic plans in business and operation management and to formulate new strategic plans in a timely manner.

2. Supervision on financial position

Firstly, the Board of Supervisors supervised the procedures for preparing and auditing the annual report for 2014 as well as the decision-making process of the profit distribution plan. The Board of Supervisors was of the view that the procedures for preparing and auditing the annual report were in compliance with laws, regulations and regulatory requirements, and the contents thereof give a true, accurate and complete view of the actual conditions of the Bank. As such, the Board of Supervisors had no disagreement upon the profit distribution plan.

Secondly, the Board of Supervisors reviewed financial reports in a regular manner to get to know the implementation particulars of the financial budget and final accounts, and recommended to improve budget preparation, make appropriate adjustments to major budget targets based on the economic environment and make reasonable adjustments to the duration of assets and liabilities taking into account the impact brought about by interest rate liberalization.

Thirdly, the Board of Supervisors reviewed the Newsletters for Directors and Supervisors (《董監事通訊》) on a monthly basis to keep abreast of the changes in the Bank's financial indicators such as net profit, assets quality and provision particulars, so as to effectively monitor the financial operations of the Bank.

3. Supervision on internal control and risk management

Firstly, the Board of Supervisors increased the frequency of supervision on main risk management by adjusting the frequency of reviewing reports on management of main risks (such as credit risk) from annually to semi-annually so as to keep abreast of the management of the main risks associated with the Bank. In addition, the Board of Supervisors recommended to pay attention to the changing trend of special mention loans and the potential risks associated with “Using new loans to repay old ones” (“借新還舊”), and to study approaches adopted to dispose of non-performing loans.

Secondly, the Board of Supervisors continuously attached importance to the effectiveness of the internal control system, taking into account the H share listing process. The Board of Supervisors considered the internal control self-assessment report, reviewed the external auditor’s management letter, and continuously kept track of the implementation of the rectification measures regarding internal control issues. With respect to the management of outlets outside of Qingdao, the Board of Supervisors suggested the business lines of the head office to formulate differentiated management procedures according to the specific circumstances including the economic situation of different regions.

Thirdly, the Board of Supervisors paid attention to the suggestions and recommendations put forward by regulatory authorities and internal audit body. It reviewed the regulatory report and rectification report for 2014 issued by Qingdao CBRC as well as the special audit report and rectification report issued by internal auditor, so as to obtain internal and external assessment results of the Bank’s risk management and internal control and to address the rectification of relevant issues.

(III) Strengthening the building of the Board of Supervisors

Firstly, the Board of Supervisors successfully completed the election of its new session. In April 2015, upon expiry of the term of its fifth session and the election of a new session, the Board of Supervisors took the opportunity to optimize its composition and structure in accordance with regulatory requirements by replacing two external Supervisors who had served for six years and newly appointing one external Supervisor, thereby making the number of external Supervisors reach one-third of the total number of Supervisors and thus satisfying relevant regulatory requirements. In accordance with laws, regulations and the Articles of Association, the Board of Supervisors conducted preliminary review of the qualifications of the three new external Supervisors, promptly convened a meeting for its Nomination and Evaluation Committee and a meeting of the Board of Supervisors, at which the proposal on the list of candidates for members of the sixth session of the Board of Supervisors was considered and passed and then submitted to the Annual General Meeting for 2014 for consideration and approval. Thereby, the new session of the Board of Supervisors was successfully elected.

Secondly, the Rules of Procedures for the Board of Supervisors were improved. In accordance with the H share listing requirements of the Bank, the Guidelines on the Functioning of Supervisory Board of Commercial Banks (《商業銀行監事會工作指引》) and other regulatory requirements, amendments were made to the Rules of Procedures for the

APPENDIX II WORK REPORT OF THE BOARD OF SUPERVISORS FOR 2015

Board of Supervisors by adding new contents such as the approaches for the Board of Supervisors to discharge duties, so as to provide a procedural guarantee for the fulfilment of duties of the Board of Supervisors.

Thirdly, the special committees under the Board of Supervisors played a role in discussing about issues. Following election of its new session, the Board of Supervisors made adjustments to the composition of its special committees so as to allow its special committees to better play their professional roles in discussing about issues. The special committees under the Board of Supervisors conducted adequate study and discussion of the proposals and reports to be submitted to the Board of Supervisors, and made professional suggestions and recommendations thereon to the Board of Supervisors for reference, thereby giving play to its professional role in discussing about issues.

Fourthly, training for Supervisors was strengthened. Based on the listing process of the Company's H Shares, the Supervisors were organized to attend professional training programs in respect of information disclosure and confidentiality obligations to allow the Supervisors to develop an understanding of information disclosure principles and relevant confidentiality requirements before and after the listing, which was constructive to proper fulfilment of duties by the Supervisors.

Fifthly, the Supervisors fulfilled their supervisory duties in a diligent and faithful manner. The Supervisors punctually attended the meetings of the Board of Supervisors and its special committees, diligently considered proposals and reviewed reports and expressed their professional opinions thereon. They also actively participated in the research activities organized by the Board of Supervisors, developed in-depth understanding of the Bank's risk management and put forward corresponding recommendations. In addition, the Supervisors periodically reviewed operation and management reports provided by the Bank, and were in-attendance at the Board meetings and important meetings of the senior management to keep abreast of the particulars in respect of the Bank's operation and management, thereby laying a foundation for their effective performance of duties. In 2015, the attendance rate of the Supervisors at meetings in person was 92.43%, and the absence rate was 0.

II. INDEPENDENT OPINIONS ISSUED BY THE BOARD OF SUPERVISORS ON RELEVANT MATTERS

(I) Compliant operation

The business activities conducted by the Bank in 2015 were in compliance with the requirements of the Company Law, the Commercial Bank Law and the Articles of Association, and decision-making procedures were legal and valid. Neither violation of laws, regulations or the Articles of Association nor harm to the interests of the Bank or Shareholders during performance of duties by the Directors or senior management of the Bank was identified.

(II) Truthfulness of the financial report

KPMG Huazhen LLP (畢馬威華振會計師事務所(特殊普通合夥)) has audited the financial report for 2015 prepared by the Bank under the Generally Accepted Accounting Principles of the PRC and issued a standard unqualified audit report thereon. The Board of Supervisors was of the view that the financial report gave an objective view of the financial position and operating results of the Bank, and no false records or material omissions were found.

(III) Related party transactions

The Board of Supervisors was not aware of any related party transaction conducted by the Bank in 2015 which was against the principle of fairness or detrimental to the interests of the Bank and its Shareholders.

(IV) Implementation of resolutions of the Shareholders' general meeting by the Board

The Board of Supervisors had no disagreement upon any reports and proposals submitted by the Board to the Shareholders' general meeting for consideration in 2015, and was of the view that the Board diligently implemented relevant resolutions passed at the Shareholders' general meetings.

(V) Internal control

The Board of Supervisors reviewed the *Internal Control Self-assessment Report of Bank of Qingdao for 2015*, and had no disagreement upon the contents thereof.

III. WORK PLAN FOR 2016

2016 marks the first year of listing for the Bank. The Board of Supervisors will continue to optimize supervision measures and deepen its supervision work in accordance with domestic and overseas regulatory requirements and the duties conferred by the Articles of Association of the Bank, aiming at further improving the independence and effectiveness of its supervision efforts.

(I) To improve operational mechanisms and enhance supervision level

1. In accordance with the requirements of the Articles of Association and based on its work needs, the Board of Supervisors will convene at least one meeting of the Board of Supervisors each quarter and review financial reports, President's work report and risk management reports on a regular basis. The Board of Supervisors will also convene meetings for its special committees in due course to give play to their professional role in discussing about issues, so as to constantly improve the efficiency of the Board of Supervisors in discussing about issues.
2. To explore new forms for the Board of Supervisors to perform duties. In addition to the existing forms including attending meetings, receiving reports and conducting investigation and research, the Board of Supervisors will explore to perform duties in new forms such as holding forums and carrying out special inspections.

3. To strengthen exchanges with its peers and regulatory authorities. While extensively collecting the supervision cases of and means adopted by the Board of Supervisors of its peers, the Board of Supervisors will carry out exchanges with the board of supervisors of other financial peers in due course to draw upon their good practices, thereby improving the effectiveness of duty performance of the Board of Supervisors. At the same time, the Board of Supervisors will diligently study the regulations and reports issued by the regulatory authorities, and strengthen its communication with the regulatory authorities for more guidance and support.
4. To conduct training for the Supervisors so as to improve their performance. The Board of Supervisors will organize its members to attend various training programs launched by the regulatory authorities, intermediary agencies and the Bank to keep abreast of the latest developments of domestic and foreign regulatory environment and to acquire knowledge about financial management, risk management and internal control required to perform their duties, so as to continuously improve their performance.

(II) To effectively improve supervision effectiveness

1. To strengthen financial supervision. The Board of Supervisors will increase the frequency of supervision on periodical reports by reviewing semi-annual reports in addition to annual reports, and carry out supervision on the process of preparation of periodical reports. It will also strengthen communication with external auditors, give priority to the major events included in the periodical reports which may affect the truthfulness, accuracy and completeness of the Bank's financial reports, and make suggestions and recommendations thereon.
2. To refine supervision on performance. The Board of Supervisors will strengthen communication with relevant regulatory authorities to obtain comments made by the regulatory authorities on the performance of the Directors, Supervisors and senior management, carry out communication with external auditors to refine the procedures for performance assessment, and closely monitor the course of duty performance, thereby improving the effectiveness of performance assessment.
3. To highlight supervision focus. In response to the new requirements posed on strategic plans since the listing of the Bank's H Shares, the Board of Supervisors will focus on monitoring the formulation and implementation of new strategic plans and give full play to its role in strategic decision-making supervision.
4. To carry out special investigation and research in due course. The Board of Supervisors will select one or two topics according to the changes in external business environment and based on its supervision focus, and carry out special investigation and research to develop an in-depth understanding of relevant facts, thereby effectively making relevant recommendations.

SPECIAL REPORT ON RELATED PARTY TRANSACTIONS OF BANK OF QINGDAO CO., LTD. FOR 2015

In 2015, the Bank followed the requirements of laws and regulations including the *Administrative Measures for the Related Party Transactions between Commercial Banks and their Insiders and Shareholders* (《商業銀行與內部人和股東關聯交易管理辦法》) promulgated by CBRC to conduct management on related party transactions and to perform the approval and disclosure procedures for related party transactions in compliance with the laws. All indicators of related party transactions are controlled to the scope allowed by regulatory requirements. The related party transactions of the Bank for 2015 are reported below:

I. Summary of Major Works of the Related Party Transactions Control Committee

The Related Party Transactions Control Committee of the Bank comprises 5 Directors, among which the chairman is acted by an independent Director and the number of independent Directors accounts for more than half of the number of members of the committee.

In 2015, the Related Party Transactions Control Committee of the Bank held 4 meetings in total, and considered and passed 10 resolutions, including the resolution on the working plan of the Related Party Transactions Control Committee under the fifth session of the Board of Bank of Qingdao for 2015, the resolution on confirmation of the *List of Related Parties of Bank of Qingdao* (as of January 16, 2015), the *Special Report on Related Party Transactions of Bank of Qingdao for 2014*, the resolution on the related party transaction between Bank of Qingdao and Haier Group, the resolution on the related party transaction between Bank of Qingdao and Qingdao Guoxin Development (Group) Limited (青島國信發展(集團) 有限責任公司), the resolution on confirmation of the *List of Related Parties of Bank of Qingdao* (as of September 21, 2015), the resolution on amendments to the *Terms of Reference of the Related Party Transactions Control Committee under the Board of Bank of Qingdao Co., Ltd.*, the resolution on the related party transaction between Bank of Qingdao and Intesa Sanpaolo S.p.A, the resolution on amendments to the *Control Measures on the Related Party Transactions of Qingdao Co., Ltd.* and the resolution on the *Implementation Measures on Control of the Related Party Transactions of Qingdao Co., Ltd.*

II. Control on Related Party Transactions

In 2015, the Bank strictly complied with regulatory requirements, continuously regulated the control on related party transactions, amended and refined the control system on related party transactions of the Bank, and continuously updated and confirmed the list of related parties.

1. Amend and refine the control system on related party transactions

To comply with relevant regulatory requirements, pursuant to laws and regulations such as the *Hong Kong Listing Rules* and the *Governance Guidelines for Commercial Bank Corporations* as well as the articles of association of the Bank, the Bank made amendments to the *Control Measures on the Related Party Transactions of Qingdao Co., Ltd.* and formulated

the *Implementation Measures on Control of the Related Party Transactions of Qingdao Co., Ltd.* with reference to the experiences of its peers and the actual situation of the Bank. Under the amended *Control Measures on the Related Party Transactions of Qingdao Co., Ltd.*, matters such as the list of related parties and related party transactions of the Bank are managed separately based on the CBRC standards and the Hong Kong Stock Exchange standards. Refinements and regulations were also made to the standards of identification of related parties, collection of list of related parties, categorisation and approval of related party transactions as well as relevant information disclosure for related party transactions control, which have in turn provided a system for safeguarding related party transactions control upon the listing of the Bank's H Shares.

2. Realize the continuous update and confirmation of the list of related parties

In 2015, the Bank continued to issue letters to substantial Shareholders, and upon its effective communication and the confirmation by response letters, realized the centralised enquiry, modification and confirmation of the list of related parties of substantial Shareholders. Meanwhile, based on the change of session of the Board, newly appointed Directors were asked to report their related parties on a timely basis for the continuous update and confirmation of the list of related parties. Upon confirmation with the Related Party Transactions Control Committee under the Board of the Bank, as of the end of 2015, the number of related legal persons and related natural persons of the Bank increased by 6 and 27 as compared with corresponding period last year.

In addition, to satisfy the issuance and listing requirements of H Shares of the Bank, the Bank requested those Shareholders, Directors and Supervisors with no less than 10% of shareholding as well as those people who have served as the Directors of the Bank for the last 12 months to report their connected parties based on the standards of the Hong Kong Stock Exchange.

3. Continuously regulate the control of related party transactions to ensure their compliance with laws

- (1) In 2015, there were 3 material related party transactions of the Bank approved by the Board, namely the comprehensive granting of credit facilities by Haier Group, Qingdao Guoxin Development (Group) Limited (青島國信發展(集團) 有限責任公司) and Intesa Sanpaolo S.p.A, and the approval procedures were in compliance with the requirements under the laws and regulations. The independent Directors of the Bank had expressed consent opinions on these 3 material related party transactions considered by the Board in 2015, and recognized their compliance and fairness.

General related party transactions of the Bank are subject to consideration and approval in accordance with internal authorisation procedures, and shall be filed to the Related Party Transactions Control Committee under the Board annually.

- (2) In 2015, the related party transactions between the Bank and its related parties were on commercial principles and subject to consideration and approval on conditions no more favorable to similar non-related party transactions. No unsecured loans were granted to related parties, no pledge of the Bank's equity was given to related parties for granting credit facilities, and no guarantee was given for the financing exercise of related parties.
- (3) The Bank has strictly complied with the regulatory requirements on the disclosure of information about related party transactions, and made timely, accurate and complete disclosure of the material related party transactions of the Bank in the 2014 annual report. In addition, the Bank also reports to Qingdao Bank Regulatory Bureau on the details of its related party transactions on a quarterly basis.

III. Statistics and Analysis of Credit Extension Related Party Transactions for 2015

The credit extension related party transactions of the Bank were mainly about loans, investment and guarantee businesses. At the end of 2015, balance of all related party transactions of the Bank amounted to RMB573 million in aggregate, of which RMB5.0343 million was balance of loans business with related parties, RMB500 million was balance of investment business with related parties and RMB67.9197 million was balance of guarantee business with related parties. The details are as below:

Names of Related Parties	Types of Related Party Transactions	Loan/Transaction Balance (RMB'000)	Percentage to	
			Investment/ Guarantee/Loan Balance of the Bank	Percentage to Net Capital of the Bank
Qingdao Haier Properties Group Limited (青島海爾地產集團有限公司)	Non-standard debt instruments	300,000.0	0.35%	1.51%
Qingdao Guoxin Lanse Guigu Development Limited (青島國信藍色矽谷發展有限責任公司)	Non-standard debt instruments	200,000.0	0.24%	1.01%
Qingdao Haier Home Integration Limited (青島海爾家居集成股份有限公司)	Guarantees	67,919.7	5.00%	0.34%
Loans and credit card advances for natural persons	Personal loans	5,034.3	0.01%	0.03%
Total		<u>572,954.0</u>		<u>2.89%</u>

As of the end of 2015, the loans granted to related parties by the Bank accounted for 0.01% of its total loans, and the investment in non-standard debt instruments of related parties accounted for 0.59% of its total investment. Among which, the non-performing ratio of loans for related parties has remained at zero, and the quality of credit facilities granted to related parties was better than the average quality of credit facilities granted by the Bank. The Bank judged that the existing related party transactions have no material impact on the normal operation of the Bank.

As of the end of 2015, the largest balance of credit facilities granted to a related party by the Bank accounted for 1.51% of its net capital, the largest balance of credit facilities granted to a group customer where a related legal person belongs to account for 1.91% of its net capital, and the balance of credit facilities granted to all related parties accounted for 2.89% of its net capital. The above indicators have not exceeded the regulatory limits as required by the CBRC.

In 2016, the Bank will strictly comply with the laws and regulations as well as the requirements of the control measures on related party transactions and the articles of association of the Bank. The Bank will continuously regulate its control on related party transactions and disclose information of related party transactions on a timely basis to ensure the legality and compliance of its related party transactions and to firmly safeguard the interests of the Bank and the Shareholders as a whole.

Note: This report is presented for purpose of informing Shareholders of the work conducted by the Related Party Transactions Control Committee of the Bank pursuant to the applicable laws and regulations of the PRC. For information on the related party transactions and/or connected transactions of the Bank, please refer to the 2015 annual report to be published by the Bank in due course.

**PLAN ON AUTHORISATION TO THE BOARD GRANTED BY THE GENERAL
MEETING OF BANK OF QINGDAO CO., LTD.**

Pursuant to relevant laws and regulations such as the *Company Law of the People's Republic of China* and the requirements of the *Articles of Association of Bank of Qingdao Co., Ltd.*, the plan on authorisation is as following:

I. Right of Consideration and Approval for Equity Investment

Any single external equity investment (including promotion and establishment, shareholding, conversion of bonds into shares, merger and acquisition, subscription of preference shares and subscription of convertible bonds, etc.) with an amount not exceeding 15% of net asset of the Bank shall be considered and approved by the Board.

II. Right of Consideration and Approval for Bonds Issuance

Any single issuance of ordinary financial bonds (excluding corporate bonds with nature of replenishing capital, such as convertible bonds and secondary capital bonds) shall be considered and approved by the Board.

III. Right of Consideration and Approval for Assets Purchase

1. Purchase of fixed assets and purchase of other non-credit assets with a single purchase amount not exceeding 15% of net asset of the Bank shall be considered and approved by the Board.
2. Purchase of credit assets and investment in financial market products shall be considered and approved by the Board.

IV. Right of Consideration and Approval for Assets Disposal

1. For proposed disposal of fixed assets with the net carrying value not exceeding 15% of net asset of the Bank and where the aggregate amount of the expected value for the proposed disposal of fixed assets and the proceeds from the disposal of fixed assets completed within 4 months immediately preceding that disposal do not exceed 33% of the value of fixed assets as shown in the latest audited balance sheet in the consolidated statements of the Bank, it shall be considered and approved by the Board.
2. For proposed disposal of any single equity assets with the net carrying value not exceeding 15% of net asset of the Bank, it shall be considered and approved by the Board.
3. For disposal of credit and other non-credit assets, it shall be considered and approved by the Board.

Disposal referred to the above includes sales, transfer and replacement, also includes the disposal of interests in such assets, but excludes the provision of guarantees with assets.

V. Right of Consideration and Approval for Assets Write-offs

1. Any single fixed assets write-offs with net carrying amount not exceeding RMB0.3 billion shall be considered and approved by the Board.
2. Any single equity assets write-offs with net carrying amount not exceeding 1% of net asset of the Bank shall be considered and approved by the Board.
3. Any write-offs for credit and other non-credit assets shall be considered and approved by the Board.

VI. Right of Consideration and Approval for External Donations

1. Any single external donation (including charity donations and commercial sponsorship, etc.) with expenses not exceeding RMB8.00 million shall be considered and approved by the Board.
2. Any assistance for sudden and material incidents in a region exceeding the limit shall be considered and approved by the Board.

VII. Right of Consideration and Approval for Legal Entities

For legal entities solely or jointly invested by the Bank onshore and offshore (including banks, non-bank institutions or companies with individual legal person status), matters which require the Bank, as the Shareholder, to exercise its voting rights or decision rights of those legal entities shall be considered and approved by the Bank. For those involving investment limits, it shall be implemented in accordance with the right of consideration and approval for equity investment as set out in this plan on authorisation.

VIII. Apart from matters expressly stipulated to be decided by the general meeting in the *Articles of Association of Bank of Qingdao Co., Ltd.* and the *Rules of Procedures of the General Meeting of Bank of Qingdao Co., Ltd.*, other authorities of banking operation, management and decision making shall be exercised by the Board and senior management in accordance with relevant requirements.

- IX. Within the scope of authorities involving in this plan on authorisation, the Board may, based on actual needs and in compliance with laws, delegate all or part of the authorities granted by the general meeting in this plan to the chairman of the Board, specialised committee(s) under the Board, the president of the Bank and other institutions or personnel.**
- X. For matters authorised to be approved by the Board under this plan, if laws and regulations, governance documents such as the Articles of Association or requirements of regulatory institutions require the consideration by the general meeting, they shall still be submitted to the general meeting of the Bank for approval.**
- XI. The general meeting may, according to actual circumstance, supplement or adjust relevant authorisations by the way of resolution(s) of the general meeting, or grant other specific authorisations to the Board in addition to this plan on authorisation. In case there is any conflict between various specific authorisation(s) granted to the Board by the general meeting before this plan on authorisation becomes effective, this plan on authorisation shall prevail.**
- XII. This plan on authorisation becomes effective from the date of approval by the general meeting until the passing of new plan on authorisation by the general meeting.**

Notes:

1. The currency used in this plan on authorisation is Renminbi, including foreign currencies of equivalent value.
2. The term “exceeding” in this plan on authorisation does not include the number which precedes it, while the term “not exceeding” includes the number which precedes it.
3. The “net asset” referred to in this plan represents the latest audited net asset of the Bank after the consolidation of financial statements.
4. In case of inconsistency for financial statements prepared by the Bank based on the PRC accounting standards and the international accounting standards or the accounting standards of foreign place of listing and data under various accounting standards, the lower one 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)

(Stock code: 3866)

NOTICE OF 2015 AGM

NOTICE IS HEREBY GIVEN that the 2015 annual general meeting (the “**2015 AGM**”) of the Bank of Qingdao Co., Ltd. (the “**Bank**”) will be held at Conference Hall, 4th Floor, No. 68 Hong Kong Middle Road, Shinan District, Qingdao, Shandong Province, the PRC, at 9:00 a.m. on Tuesday, May 10, 2016 for the purposes of considering and, if thought fit, passing the following resolutions:

ORDINARY RESOLUTIONS

1. to consider and approve the resolution on the work report of the Board of Directors of Bank of Qingdao Co., Ltd. for 2015;
2. to consider and approve the resolution on the work report of the Board of Supervisors of Bank of Qingdao Co., Ltd. for 2015;
3. to consider and approve the resolution on the final financial accounts of Bank of Qingdao Co., Ltd. for 2015;
4. to consider and approve the resolution on the profit distribution plan of Bank of Qingdao Co., Ltd. for 2015;
5. to consider and approve the resolution on engagement of domestic and foreign auditors and their remuneration of Bank of Qingdao Co., Ltd. for 2016;
6. to consider and approve the resolution on appointment of Mr. Sun Guoliang as the Shareholder Supervisor of Bank of Qingdao Co., Ltd.;
7. to consider and approve the resolution on the special report on related party transactions of the Bank for 2015;

SPECIAL RESOLUTIONS

8. to consider and approve the resolution on general mandate to issue shares of Bank of Qingdao Co., Ltd.;
9. to consider and approve the resolution on the plan on authorisation to the Board by the general meeting of Bank of Qingdao Co., Ltd..

NOTICE OF 2015 ANNUAL GENERAL MEETING

Others

In addition, Shareholders will listen to the *Evaluation Report on the Performance of Duties by the Board and Directors of Bank of Qingdao Co., Ltd. for 2015* and the *Evaluation Report on the Performance of Duties by Supervisors of Bank of Qingdao Co., Ltd. for 2015* at the 2015 AGM.

The Bank will despatch the circular for 2015 AGM to Shareholders on or before March 24, 2015.

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

Shandong, the PRC, March 24, 2016

As at the date of this notice, the Board of Directors comprises Mr. Guo Shaoquan, Mr. Wang Lin and Mr. Yang Fengjiang as executive Directors; Mr. Zhou Yunjie, Mr. Rosario Strano, Mr. Wang Jianhui, Ms. Tan Lixia and Mr. Marco Mussita as non-executive Directors; Mr. Wang Zhuquan, Mr. Du Wenhe, Mr. Wong Tin Yau, Kelvin and Mr. Chen Hua as independent non-executive Directors.

* *Bank of Qingdao Co., Ltd. is not an authorised 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 authorised to carry out banking and/or deposit-taking business in Hong Kong.*

NOTICE OF 2015 ANNUAL 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 (<http://www.qdccb.com/>) as required by the Listing Rules.

2. **Closure of register of members and eligibility for attending and voting at the 2015 AGM**

H Shareholders are advised that the H share register will be closed from Sunday, April 10, 2016 to Tuesday, May 10, 2016 (both days inclusive). To be eligible for attending and voting at the 2015 AGM, 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 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Friday, April 8, 2016. Shareholders whose names appear on the register of members of the Bank at the close of business on Tuesday, May 10, 2016 are entitled to attend and vote at the 2015 AGM.

3. **Arrangement on dividend distribution**

The board of directors of the Bank has recommended the distribution of a final cash dividend of RMB0.20 (inclusive of tax) per share for the year ended December 31, 2015, amounting to a total of RMB811,742,549.80 (inclusive of tax). Subject to approval of the proposal at the 2015 AGM, the dividend will be paid to domestic shareholders and H Shareholders whose names appear on the register of members of the Bank on May 19, 2016. The proposed dividends payable are denominated in Renminbi, and will be paid to domestic shareholders in Renminbi and H Share-holders in Hong Kong dollars. Calculation of the exchange rate for dividends payable in Hong Kong dollars will be based on the average of central parity rates of Renminbi to Hong Kong dollars of the interbank foreign exchange market as announced by the People’s Bank of China on five working days preceding the date of declaration of the dividend at the 2015 AGM (May 10, 2016, inclusive).

4. **Closure of register of members and eligibility for final dividend distribution**

The H share register of the Bank will be closed from Saturday, May 14, 2016 to Thursday, May 19, 2016 (both days inclusive). In order to be entitled to the final dividend distribution, the H Shareholders of the Bank who have not registered are required to deposit the transfer documents together with relevant share certificates at the H Share registrar of the Bank, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Friday, May 13, 2016. Shareholders whose names appear on the register of members of the Bank at the close of business on Thursday, May 19, 2016 are entitled to the final dividend distribution.

5. **Reply slip**

Shareholders who intend to attend and vote at the 2015 AGM in person or by proxy are required to complete and return the enclosed reply slip to the Bank’s H Share registrar (for H Shareholder(s)) or the Bank’s PRC registered office and principal place of business (for domestic shareholder(s)) on or before Wednesday, April 20, 2016. The reply slip may be delivered by hand, by post or by fax to Computershare Hong Kong Investor Services Limited, the Bank’s H Share registrar (for H Shareholder(s)), or the Bank’s PRC registered office and principal place of business (for domestic shareholder(s)). Completion and return of the reply slip do not affect the right of a shareholder to attend and vote at the 2015 AGM.

However, in the event that shareholders do not return the reply slips, and the reply slips state that the number of shares with voting right represented by those shareholders intending to attend the 2015 AGM does not amount to half of the total number of shares with voting right of the Bank, the 2015 AGM may be adjourned.

6. **Proxy**

Any shareholder entitled to attend and vote at the 2015 AGM 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 2015 AGM. 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

NOTICE OF 2015 ANNUAL GENERAL MEETING

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). 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 domestic shareholder(s)) not less than 24 hours before the designated time for the holding of the 2015 AGM 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 2015 AGM or at any adjournment if he/she so wishes.

7. Others

(1) The 2015 AGM is estimated to last no longer than half 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 8628
Fax: (852) 2865 0990

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

No. 68 Hong Kong Middle Road,
Shinan District,
Qingdao,
Shandong Province,
PRC