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

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

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BQD  青岛银行
Bank of Qingdao Co., Ltd.*
青島銀行股份有限公司*

(A joint stock company incorporated in the People's Republic of China with limited liability)

(H Shares Stock code: 3866)

(Preference Shares Stock code: 4611)

**WORK REPORT OF THE BOARD OF DIRECTORS FOR 2021
WORK REPORT OF THE BOARD OF SUPERVISORS FOR 2021
REPORT FOR FINAL FINANCIAL ACCOUNTS FOR 2021
PROFIT DISTRIBUTION PLAN FOR 2021
ENGAGEMENT OF EXTERNAL AUDITORS FOR 2022
AND THEIR REMUNERATION
SPECIAL REPORT ON RELATED PARTY TRANSACTIONS FOR 2021
ESTIMATED AMOUNT OF THE ORDINARY RELATED PARTY
TRANSACTIONS FOR 2022
GENERAL MANDATE FOR THE ISSUE OF SHARES
EVALUATION REPORT ON THE PERFORMANCE OF DUTIES
BY THE BOARD OF DIRECTORS AND DIRECTORS FOR 2021
EVALUATION REPORT ON THE PERFORMANCE OF DUTIES
BY THE SUPERVISORS FOR 2021
PERFORMANCE REPORT OF THE
INDEPENDENT NON-EXECUTIVE DIRECTORS FOR 2021
AND
NOTICE OF 2021 ANNUAL GENERAL MEETING**

The letter from the Board is set out on pages 3 to 17 of this circular.

The Bank will hold the 2021 AGM at No. 6 Qinling Road, Laoshan District, Qingdao, Shandong Province, the PRC at 9:00 a.m. on Tuesday, 10 May 2022. The notice of the 2021 AGM and related proxy form have been despatched to the Shareholders pursuant to the Hong Kong Listing Rules in due course.

If you intend to attend and/or vote at the 2021 AGM, you are required to complete such proxy form in accordance with the instructions printed thereon and return it to the Bank's H Share Registrar (for H Shareholder(s)) or the Bank's PRC registered office and principal place of business (for A Shareholder(s)) not less than 24 hours before the designated time for convening the related meeting or any adjournment thereof. Completion and return of the proxy form shall not affect your right to attend or vote at such meeting or any adjournment thereof in person.

* *Bank of Qingdao Co., Ltd. is not an authorized institution within the meaning of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorized to carry out banking and/or deposit-taking business in Hong Kong.*

19 April 2022

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DEFINITIONS

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

“2021 AGM”	the 2021 annual general meeting of the Bank to be held at No. 6 Qinling Road, Laoshan District, Qingdao, Shandong Province, the PRC at 9:00 a.m. on Tuesday, 10 May 2022
“A Share(s)”	the Bank’s ordinary shares of RMB1.00 each, which are listed on SZSE (stock code: 002948) and traded in RMB
“A Shareholder(s)”	holder(s) of A Shares
“Articles of Association”	the Articles of Association of the Bank
“ASBE”	Accounting Standards for Business Enterprises
“Bank”	Bank of Qingdao Co., Ltd. and its branches
“Board” or “Board of Directors”	the board of directors of the Bank
“Board of Supervisors”	the board of supervisors of the Bank
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
“Company”	Bank of Qingdao Co., Ltd. and its subsidiaries and branches
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of the Bank
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“H Shareholder(s)”	holder(s) of H Shares
“H Shares”	overseas listed foreign shares of RMB1.00 each in the share capital of the Bank, which are listed on the Hong Kong Stock Exchange (stock code: 03866) and traded in Hong Kong dollars

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise revised from time to time
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“IFRSs”	International Financial Reporting Standards
“Latest Practicable Date”	12 April 2022, being the Latest Practicable Date prior to the publication of this circular for ascertaining certain information contained herein
“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
“Preference Shares”	Non-cumulative perpetual overseas preference shares with a total size of US\$1.203 billion and dividend rate of 5.50% issued by the Bank
“Qingdao CBIRC”	Qingdao Supervision and Administration Bureau of China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會青島監管局)
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	A Shares and/or H Shares of the Bank
“Shareholder(s)”	holder(s) of Shares
“Supervisor(s)”	the supervisor(s) of the Bank
“SZSE”	the Shenzhen Stock Exchange

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

LETTER FROM THE BOARD

BQD  **青島銀行**

Bank of Qingdao Co., Ltd.*

青島銀行股份有限公司*

(A joint stock company incorporated in the People's Republic of China with limited liability)

(H Shares Stock code: 3866)

(Preference Shares Stock code: 4611)

Members of the Board:

Executive Directors:

GUO Shaoquan (*Chairman*)
WANG Lin
LIU Peng
LU Lan

Non-executive Directors:

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

Independent Non-executive Directors:

Simon CHEUNG
FANG Qiaoling
Tingjie ZHANG
XING Lecheng
ZHANG Xu

Registered Address and

Address of Head Office:

Building No. 3, No. 6 Qinling Road
Laoshan District
Qingdao, Shandong Province
the PRC

Address of the Registered Office in

Hong Kong:

31st Floor, Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

To the Shareholders

**WORK REPORT OF THE BOARD OF DIRECTORS FOR 2021
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LETTER FROM THE BOARD

I. INTRODUCTION

The Board of Directors invite you to attend the 2021 AGM to be held at No. 6 Qinling Road, Laoshan District, Qingdao, Shandong Province, the PRC at 9:00 a.m. on Tuesday, 10 May 2022. This circular aims to provide more information on matters set out in the notice of the 2021 AGM.

II. MATTERS TO BE CONSIDERED AT THE 2021 AGM

1. Work Report of the Board of Directors for 2021

An ordinary resolution on the *Work Report of the Board of Directors of Bank of Qingdao Co., Ltd. for 2021* will be proposed at the 2021 AGM for approval. Please refer to Appendix I to this circular for the full text of the Work Report of the Board of Directors of the Bank for the year 2021.

2. Work Report of the Board of Supervisors for 2021

An ordinary resolution on the *Work Report of the Board of Supervisors of Bank of Qingdao Co., Ltd. for 2021* will be proposed at the 2021 AGM for approval. Please refer to Appendix II to this circular for the full text of the Work Report of the Board of Supervisors of the Bank for the year 2021.

3. Report for Final Financial Accounts for 2021

An ordinary resolution on the *Report for Final Financial Accounts of Bank of Qingdao Co., Ltd. for 2021* will be proposed at the 2021 AGM for approval.

The financial statements of the Company for 2021 prepared in accordance with ASBE have been audited by KPMG Huazhen LLP which has issued an audit report with standard unqualified opinions and the financial statements of the Company for 2021 prepared in accordance with IFRSs have been audited by KPMG which has issued an audit report with unqualified opinions. There is no difference in the net profit and the Shareholders' equity between the two sets of statements.

The final financial accounts for 2021 of the Company are reported as below (based on ASBE):

In 2021, the Company realized operating income of RMB11,136 million, representing a year-on-year increase of RMB595 million or 5.65%; net profit attributable to the parent company of RMB2,923 million, representing a year-on-year increase of RMB529 million or 22.08%.

LETTER FROM THE BOARD

As at the end of 2021, total assets amounted to RMB522,250 million, representing a growth of RMB62,422 million or 13.58% as compared with that as at the end of the previous year; with non-performing loan ratio of 1.34%, representing a decrease of 0.17 percentage point as compared with that as at the end of the previous year. Provision coverage was 197.42%, representing an increase of 27.80 percentage points as compared with that as at the end of the previous year; and the capital adequacy ratio was 15.83%, representing an increase of 1.72 percentage points as compared with that as at the end of the previous year, all of which had complied with the regulatory requirements.

For details of the audited financial information for the year ended 31 December 2021 prepared based on IFRSs, please refer to the financial statements as set out in the 2021 annual report to be published by the Bank.

4. Profit Distribution Plan for 2021

An ordinary resolution on the *Profit Distribution Plan of Bank of Qingdao Co., Ltd. for 2021* will be proposed at the 2021 AGM for approval.

The financial statements of the Bank for 2021 prepared in accordance with ASBE have been audited by KPMG Huazhen LLP which has issued an audit report with standard unqualified opinions and the financial statements of the Bank for 2021 prepared in accordance with IFRSs have been audited by KPMG which has issued an audit report with unqualified opinions. Based on the above audited financial statements, the net profit realized by the Bank for 2021 recorded in both of the financial statements prepared in accordance with ASBE and IFRSs were RMB2.441 billion.

To this end, pursuant to the profit of the Bank, the Articles of Association and relevant regulatory requirements, the Bank intends to implement the profit distribution plan for 2021 as below:

- (i) 10% of the net profit of the Bank shall be appropriated to the statutory reserve amounting to RMB244 million;
- (ii) To appropriate RMB429 million to general reserve;
- (iii) The Bank has distributed dividends of approximately RMB474 million to the Shareholders of offshore Preference Shares on 23 September 2021;
- (iv) Based on the total Shares on the record date for the profit appropriation, the Bank shall distribute a cash dividend of RMB1.60 (inclusive of tax) for every 10 Shares held to all ordinary Shareholders. The dividends for H Shares will be paid in Hong Kong dollars, and the applicable exchange rate is the average of the central parity rates of RMB of the interbank foreign exchange market as announced by the PBOC on five working days preceding the date of declaration of the dividends at the 2021 AGM (inclusive of the date of the 2021 AGM); and
- (v) The retained profit will be carried forward to the next year.

LETTER FROM THE BOARD

Taxation applying to dividends on ordinary Shares

In accordance with the *Enterprise Income Tax Law of the People's Republic of China* and the related implementation provisions, the Bank shall withhold and pay enterprise income tax at the rate of 10% for non-resident enterprise shareholders whose names appear on the register of holders of H Shares on 18 May 2022.

Pursuant to the *Notice on Issues Concerning Individual Income Tax After the Annulment of Document Guo Shui Fa [1993] No. 045* (Guo Shui Han [2011] No. 348) promulgated by the State Taxation Administration of the PRC on 28 June 2011, dividend received by overseas resident individual shareholders from the shares issued by domestic non-foreign invested enterprises in Hong Kong are subject to individual income tax, which shall be withheld and paid by withholding agents 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 agreements 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 generally withhold and pay individual income tax at the rate of 10% for individual Shareholders 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.

For investors of the Hong Kong Stock Exchange (including enterprises and individuals) investing in the A Shares of the Bank listed on SZSE (the “**Shenzhen Southbound Trading**”), the Bank will distribute the dividends in RMB through the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited to the account of the nominee holding such Shares. The Bank will withhold income taxes at the rate of 10% on behalf of the investors and will report to the competent tax authorities for the withholding. For investors of Shenzhen Southbound Trading involved in the enjoying of tax treaty (arrangement) treatment, the withholding will be implemented in accordance with the *Announcement of the State Administration of Taxation on Promulgating the Administrative Measures for Tax Convention Treatment for Non-resident Taxpayers* (*Announcement of the State Administration of Taxation [2019] No. 35*) (《國家稅務總局關於發佈〈非居民納稅人享受協定待遇管理辦法〉的公告》(國家稅務總局公告2019年第35號)) and *Notice on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets* (*Cai Shui [2016] No.127*) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)).

The record date and the distribution date of cash dividends and other arrangements for the investors of Shenzhen Southbound Trading will be the same as those for the A Shareholders of the Bank. Details of the payment of dividends to the A Shareholders of the Bank and related matters will be announced in due course.

LETTER FROM THE BOARD

For investors of the Shanghai Stock Exchange and the SZSE (including enterprises and individuals) investing in the H Shares of the Bank listed on the Hong Kong Stock Exchange (the “**Southbound Trading**”), China Securities Depository and Clearing Corporation Limited, as the nominee holder for the investors of the Southbound Trading, shall receive the cash dividend distributed by the Bank and distribute the cash dividends received from the Bank to the relevant investors of the Southbound Trading through their depository and clearing systems. The cash dividends for the investors of Southbound Trading will be paid in RMB. Pursuant to the *Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Caishui [2014] No. 81)* (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) and the *Notice of the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Caishui [2016] No. 127)* (《財政部、國家稅務總局、中國證監會關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), for dividends received by domestic individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The company of such H shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

The record date and the distribution date of cash dividends and other arrangements for the investors of Southbound Trading will be the same as those for the H Shareholders of the Bank.

The Bank held no liability in respect of any claims arising from any delay in, or inaccurate determination of the identity of the Shareholders or any disputes over the mechanism of withholding and payment.

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

The Bank will make a separate announcement regarding the payment of the 2021 final dividend to A Shareholders and any related matters.

LETTER FROM THE BOARD

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, 14 May 2022 to Wednesday, 18 May 2022 (both days inclusive). In order to be entitled to the final dividend distribution, the H Shareholders of the Bank who have not registered the transfer documents 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 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 13 May 2022. Shareholders whose names appear on the register of members of the Bank at the close of business on Wednesday, 18 May 2022 are entitled to the final dividend distribution.

The Board is set to distribute the final dividends of 2021 on Tuesday, 31 May 2022. If there are any changes to the dividend payment date, an announcement will be published regarding such changes.

5. Engagement of External Auditors for 2022 and their Remuneration

An ordinary resolution on the *Engagement of External Auditors for 2022 and their Remuneration of Bank of Qingdao Co., Ltd.* will be proposed at the 2021 AGM for approval.

The Bank proposes to continue to engage KPMG Huazhen LLP as the domestic auditor of the Bank for 2022 and KPMG as the foreign auditor of the Bank for 2022.

The audit fee for the 2022 annual periodic report was RMB5.25 million, an increase of RMB0.15 million or 2.94% over the previous year, including: RMB4.65 million for the annual financial statement audit, semi-annual financial statement review, and agreed-upon procedures performed in the first and third quarters, an increase of RMB0.15 million over the previous year; and RMB0.6 million for the internal control audit, the same as the previous year. The above fees include relevant taxes and miscellaneous expenses such as business trips, office and business trip allowances, mainly determined based on audit work requirements and man-hours, etc. The moderate increase in fees in 2022 is mainly due to the growth of the Bank's business development, audit workload and increase in labor costs.

6. Special Report on Related Party Transactions for 2021

An ordinary resolution on the *Special Report on Related Party Transactions of Bank of Qingdao Co., Ltd. for 2021* will be proposed at the 2021 AGM for approval. Please refer to Appendix III to this circular for the full text of the Special Report on Related Party Transactions for 2021 of the Bank.

LETTER FROM THE BOARD

7. Estimated Amount of the Ordinary Related Party Transactions for 2022

An ordinary resolution on the *Estimated Amount of the Ordinary Related Party Transactions of Bank of Qingdao Co., Ltd. for 2022* will be proposed at the 2021 AGM for approval.

Pursuant to the relevant provisions of the CSRC, the SZSE and the Bank's related party transaction management system, after the Bank makes reasonable estimates of the ordinary related party transactions and fulfills the corresponding approval and disclosure procedures, a single related party transaction within the estimate scope of the year is exempted from re-approval and disclosure in accordance with the standards of the CSRC and the SZSE. However, major related party transactions that comply with the standards of the CBIRC shall be submitted to the Related Party Transactions Control Committee of the Board for review and to the Board for approval on a case-by-case basis.

The Bank has estimated the ordinary related party transactions in 2022. For details, please refer to Appendix IV to this circular.

8. General Mandate for the Issue of Shares

A special resolution on the *Resolution on General Mandate for the Issue of Shares of Bank of Qingdao Co., Ltd.* will be proposed at the 2021 AGM for approval.

With a view to fully leveraging on the financing advantages of the capital market, capitalizing on the financing channel in the market and promoting the flexibility of capital management of the Bank, the Board, with reference to market practices, proposes to the 2021 AGM for the approval of granting a general mandate to issue Shares to the Board and further delegation of authority by the Board in accordance with the requirements of relevant laws and regulations and the provisions of the Articles of Association.

(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 authorized to separately or concurrently issue, allocate or otherwise deal with A Shares and/or ordinary Share, Preference Share of H Shares during the Relevant Period (as defined below).

“Relevant Period” means the period from the date of passing this resolution on authorization by 2021 AGM until the earliest of: (1) the conclusion of 2022 annual general meeting of the Bank; (2) the expiration of the 12-month period following the passing of this resolution at the 2021 AGM of the Bank; (3) the date on which the authorization referred to in this resolution is revoked or varied by a special resolution at any general meeting of the Bank.

LETTER FROM THE BOARD

- (2) The Board shall be authorized to issue, allocate or otherwise deal with the numbers of A Shares and/or ordinary Share, Preference Share of H Shares (among which, the number of Preference Share shall be calculated based on the number of A Shares and/or ordinary Share of H Shares to be fully converted from Preference Shares at the mandatory conversion price), and the respective amount shall not exceed 20% of the respective total number of issued class of Shares of A Shares and/or ordinary Share of H Shares of the Bank at the date on which this resolution is passed by the 2021 AGM.
- (3) The Board shall be authorized to: (1) formulate and implement the detailed issuing plan which includes, but without limitation, the class of Shares to be issued and allocated, the pricing method and/or the issue price (including a price range), the number of Shares to be issued, the target subscribers and the investment direction of the proceeds raised; to determine the timing of the issue, the issue period and the use of the proceeds raised, and to determine whether to offer to existing Shareholders; (2) deal with matters in relation to the increase in registered capital of the Bank so as to reflect the Shares of the Bank to be issued under the authorization granted under this resolution, and make any amendments to clauses in the Articles of Association in relation to issue of Shares and registered capital as it duly thinks necessary; (3) to consider and approve statutory documents submitted to relevant regulatory authorities related to the aforesaid issuance, and carry out relevant approval procedures under the requirements of regulatory authorities and the place where the Shares of the Bank are listed; (4) take any other necessary actions and proceed with other necessary procedures in order to implement the issue proposal and realize the increase in registered capital; (5) determine other matters related to the aforesaid issuance.

(ii) Relevant authorization

To increase the efficiency in decision-making, reduce the internal approval procedures and seize market opportunities, in relation to dealing with the matters on issuing Shares under the general mandate, it is proposed to the 2021 AGM for approval to authorize the Board, and the Board further authorizes the authorized person(s) of the Board, to deal with matters regarding the general mandate to issue Shares during the Relevant Period. The above authorization to the authorized person by the Board shall be determined by the Board upon the exercise of the general mandate under this resolution.

LETTER FROM THE BOARD

III. MATTERS TO BE REPORTED AT THE 2021 AGM

1. Evaluation Report on the Performance of Duties by the Board of Directors and Directors for 2021

The the Board of Supervisors of the Bank conducted a supervisory evaluation on the performance of the Board of Directors and the Directors in 2021 in accordance with the provisions of *the Corporate Governance Guidelines for Banking and Insurance Institutions, the Evaluation Measures for the Performance of Directors and Supervisors of Banking and Insurance Institutions (Trial), the Guidelines for the Work of the Board of Supervisors of Commercial Banks* and other regulatory regulations, as well as *the Articles of Association of Bank of Qingdao Co., Ltd.* and *the Evaluation Measures for the Performance of the Board of Directors and Directors of Bank of Qingdao Co., Ltd.* The evaluation is now reported as follows:

(i) Evaluation of the performance of duties by the Board of Directors

The Board of Supervisors is of the view that in 2021, the Board was able to perform its duties in accordance with laws and regulations and the Articles of Association, and the proceedings were legal and compliant. No violation of the laws and regulations and the Articles of Association was found during the performance of duties by the Board of Directors. The Board of Supervisors recommends that the Board of Directors continue to strengthen its judgment on situation and formulate a new strategic planning in a timely manner.

(ii) Evaluation of performance of duties by Directors

As of the end of 2021, the Board of Directors of the Bank had a total of 15 Directors, including 4 executive Directors, 6 non-executive Directors and 5 independent Directors, all of whom participated in this year's performance evaluation. The former independent non-executive Directors, CHEN Hua and DAI Shuping, who resigned on 2 July 2021, have performed their duties for more than half a year. They also participated in this year's performance evaluation according to regulatory requirements.

LETTER FROM THE BOARD

Based on the daily supervision records of the Board of Supervisors, the Directors' self-evaluation of the performance of their duties, the regulatory opinions of the Qingdao CBIRC, and the special report of the external audit institution, the Board of Supervisors evaluated the performance of the Bank's Directors in 2021 as follows:

1. The "five dimensions" of all Directors

(1) Fulfilling the duty of loyalty

The Directors of the Bank were able to act in the best interest of the Bank, keep the Bank's secrets strictly, pay close attention to matters that may harm the Bank's interests, report to the Board of Directors in a timely manner, and promote the correction of problems.

(2) Fulfilling the duty of diligence

The Directors of the Bank were able to devote sufficient time and energy to the participation in the Bank's affairs, keeping abreast of the operating management and risk status, attending the meetings of the Board of Directors and its special committees as required, and carefully study and making prudent judgments on matters submitted to the Board of Directors for consideration.

(3) Professionalism in performance of duties

The Directors of the Bank were able to continuously improve their professional level, study, and put forward scientific and reasonable opinions and recommendations based on the position of the Board of Directors' duties and responsibilities while combining their professional knowledge, industry experience, and work experience, so as to promote scientific decision-making by the Board of Directors.

(4) Independence and moral standards in performance of duties

The Directors of the Bank were able to adhere to a high standard of professional ethics and perform their duties independently and autonomously without the control or interference of major Shareholders and insiders, so as to promote the Bank to treat all Shareholders fairly, safeguard the legitimate rights and interests of stakeholders, and actively perform social responsibilities.

LETTER FROM THE BOARD

(5) Compliance in performance of duties

The Directors of the Bank were able to comply with laws and regulations, regulatory requirements and the Bank's Articles of Association, continuously regulate their performance of duties, perform their duties in compliance with the law, and promote and supervise the Bank's law-abiding and compliant operation.

2. Performance of duties by Directors of various categories

The executive Directors were able to earnestly implement the resolutions of the Board of Directors and the General Meeting of Shareholders in accordance with the provisions of the Articles of Association, diligently perform their operating business management duties, implement the reporting system by the senior management to the Board of Directors, support other members of the Board of Directors to fully understand the Bank's operating business management and risk information, and promote the effective implementation of the Board of Directors' resolutions and timely feedback.

The non-executive Directors were able to make good communications between the Bank and its Shareholders in the long-term interests of the Bank without putting the Shareholders own interests above those of the Bank and other Shareholders, and support the Bank in adhering to compliance operations, improve the overall risk management level and promote the optimization and improvement of various operations and management.

The independent Directors were able to play an important role in independence and professionalism from the perspective of safeguarding the interests of depositors, small and medium-sized Shareholders and the Bank as a whole, and express independent opinions on 17 proposed matters, including major connected transactions, profit distribution and appointment of external auditors of the Bank during the year.

The chairman of the special committee of the Board of Directors was able to preside over the meetings of the special committee in accordance with the requirements of the working rules of the special committee, deliberate on the matters within its responsibility and issue professional opinions for the reference of the Board of Directors in making decisions, so as to promote scientific and efficient decision-making of the Board of Directors.

To sum up, the Board of Supervisors is of the opinion that the performance evaluation results of the Directors of the Bank in 2021 were all competent.

LETTER FROM THE BOARD

2. Evaluation Report on the Performance of Duties by the Supervisors for 2021

The Board of Supervisors of the Bank conducted supervision and evaluation of the performance of duties by the Supervisors for 2021 in accordance with the *the Corporate Governance Guidelines for Banking and Insurance Institutions*, *the Evaluation Measures for the Performance of Directors and Supervisors of Banking and Insurance Institutions (Trial)*, *the Guidelines for the Work of the Board of Supervisors of Commercial Banks* and other regulatory regulations, as well as the *Articles of Association of the Bank of Qingdao Co., Ltd.* and the provisions of the *Measures on Evaluation of Performance of Duties by the Supervisors of Bank of Qingdao Co., Ltd.* The evaluation report is hereby made as follows:

As of the end of 2021, the Bank's Board of Supervisors had a total of 7 Supervisors, including 1 Shareholders Supervisor, 3 external Supervisors, and 3 employee Supervisors, all of whom participated in this year's performance evaluation. On 11 May 2021, HAO Xianjing, JIANG Xinglu and LU Kun were newly elected as external Supervisors of the Bank upon consideration and approval at the 2020 Annual General Meeting of Shareholders. They have performed their duties for more than half a year since 11 May 2021, and participated in the performance evaluation for the year in accordance with the regulatory requirements. The former external Supervisors, FU Changxiang and HU Yanjing, left the Bank on 11 May 2021 because they had served for six years and were not re-elected in accordance with the regulatory requirements, and did not participate in this year's performance evaluation.

Based on the daily supervision records of the Board of Supervisors, the Supervisors' self-evaluation of the performance of their duties, the regulatory opinions of the Qingdao CBIRC, and the special report of the external audit institution, the Board of Supervisors evaluated the performance of the Bank's Supervisors in 2021 as follows:

(1) Fulfilling the duty of loyalty

The Supervisors of the Bank were able to act in the best interest of the Bank, keep the Bank's secrets strictly, pay close attention to matters that may harm the Bank's interests, report to the Board of Supervisors in a timely manner, and promote the correction of problems.

(2) Fulfilling the duty of diligence

The Supervisors of the Bank were able to devote sufficient time and energy to participate in the Bank's affairs, keep abreast of the operating management and risk status, attend the meetings of the Board of Supervisors and its special committees as required, and carefully study and make prudent judgments on matters submitted to the Board of Supervisors for consideration.

LETTER FROM THE BOARD

(3) Professionalism in performance of duties

The Supervisors of the Bank were able to continuously improve their professional level, study, and put forward scientific and reasonable opinions and recommendations based on the position of the Board of Supervisors' duties and responsibilities while combining their professional knowledge, industry experience and work experience, so as to promote the effective supervision by the Board of Supervisors.

(4) Independence and moral standards in performance of duties

The Supervisors of the Bank were able to adhere to a high standard of professional ethics and perform their duties independently and autonomously without the control or interference of major Shareholders and insiders, so as to promote the Bank to treat all Shareholders fairly, safeguard the legitimate rights and interests of stakeholders, and actively perform social responsibilities.

(5) Compliance in performance of duties

The Supervisors of the Bank were able to comply with laws and regulations, regulatory requirements and the Bank's Articles of Association, continuously regulate their performance of duties, perform their duties in compliance with the law, and promote and supervise the Bank's law-abiding and compliant operation.

The Supervisors of the Bank were able to attend the meetings of the Board of Supervisors and special committees in a standardized manner, perform their supervisory duties conscientiously, and give opinions and suggestions on key matters such as the Bank's operation in accordance with the law, the truthfulness of financial reports, the acquisition and sale of assets, related party transactions, internal control, and the implementation of resolutions at the General Meeting of Shareholders. The external Supervisors were able to focus on the overall interests of the depositors and the Bank, express their opinions objectively and independently, and have no part-time jobs in other commercial banks.

To sum up, the Board of Supervisors is of the opinion that the performance evaluation results of the Supervisors of the Bank in 2021 were all competent.

3. Performance Report of the Independent Non-executive Directors for 2021

The *Performance Report of the Independent Non-executive Directors of Bank of Qingdao Co., Ltd. for 2021* will be proposed at the 2021 AGM for review by Shareholders, but no need for their approval. For the Performance Report of the Independent Non-executive Directors for 2021, please refer to Appendix V to this circular.

LETTER FROM THE BOARD

IV. RESPONSIBILITY STATEMENT

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

V. THE 2021 AGM

The Bank intends to convene the 2021 AGM at No. 6 Qinling Road, Laoshan District, Qingdao, Shandong Province, the PRC, at 9:00 a.m. on Tuesday, 10 May 2022 to consider and, if thought fit, to pass matters as set out in the notice of the 2021 AGM. Notice and form of proxy of the 2021 AGM dated 1 April 2022 have been published in accordance with the Hong Kong Listing Rules. The notice of the 2021 AGM is set out on pages 53 to 56 of this circular.

Completion and return of the form(s) of proxy(ies) will not preclude you from attending and voting in person at the 2021 AGM or at any adjournment.

Closure of Register of Members and Eligibility to Attend and Vote at the 2021 AGM

The Share register of members of the Bank will be closed from Wednesday, 4 May 2022 to Tuesday, 10 May 2022 (both days inclusive), during which period no Share transfer will be registered. In order to be eligible to attend and vote at the 2021 AGM, H Shareholders of the Bank must lodge the Share transfer documents accompanied by the relevant Share certificates and other appropriate documents with the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited (address: Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) no later than 4:30 p.m. on Tuesday, 3 May 2022. Shareholders whose names appear in the register of members of the Bank at the close of business on Wednesday, 4 May 2022, will be eligible to attend and vote at the 2021 AGM.

VI. METHODS OF VOTING AT THE 2021 AGM

Pursuant to the requirements of Rule 13.39(4) of the Hong Kong Listing Rules, voting by the Shareholders at the 2021 AGM shall be taken by the way of poll.

To the best knowledge of the Bank, Qingdao Haier Industrial Development Co., Ltd., Qingdao Haier Air-Conditioner Electronics Co., Ltd., Haier Smart Home Co., Ltd., Qingdao Haier Mold Co., Ltd., Qingdao Haier Tooling Development Co., Ltd., Qingdao Mannike Intelligent Technology Co., Ltd., Qingdao Haier Air-Conditioner Co., Ltd., Qingdao Haier Special Refrigerator Co., Ltd., Intesa Sanpaolo S.p.A., Qingdao Conson Industrial Co., Ltd., Haitian (HK) Holdings Limited and Qingdao Guoxin Capital Investment Co., Ltd., were deemed to have a material interest in the *Resolution on the Estimated Amount of the Ordinary*

LETTER FROM THE BOARD

Related Party Transactions of Bank of Qingdao Co., Ltd. for 2022, therefore, they should abstain from voting on the resolution. Save as disclosed above, no other Shareholder or its associate is deemed to have a material interest in any of the resolutions at the 2021 AGM, and no other Shareholder is required to abstain from voting on any resolutions.

Please be advised that pursuant to the Article 60 of the Articles of Association, where a Shareholder pledges 50% or more of his/her equity interests in the Bank, the voting rights of such Shareholder at the 2021 AGM shall be subject to restrictions.

VII. RECOMMENDATIONS

The Board (including the independent non-executive Directors) considers that the resolutions to be proposed at the 2021 AGM are in the interests of the Bank and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favor of all resolutions to be proposed at the 2021 AGM.

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

Qingdao, Shandong, the PRC
19 April 2022

* *Bank of Qingdao Co., Ltd. is not an authorized institution within the meaning of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorized to carry out banking and/or deposit-taking business in Hong Kong.*

**WORK REPORT OF THE BOARD OF
DIRECTORS OF BANK OF QINGDAO CO., LTD. FOR 2021**

The year 2021 marked the 100th anniversary of the founding of the Communist Party of China and the first year of implementing the 14th Five-Year Plan and launching a new journey of building a comprehensive socialist modern country. The year 2021 was also the 25th anniversary of the establishment of the Bank of Qingdao and the year of sound development of various tasks. The Board of Directors of the Bank conducted in-depth research and judgment on changes in domestic and foreign situations. In the face of the challenges in the post-epidemic era, the Board of Directors maintained strategic stability, successfully completed the 2019-2021 strategic development plan, steadily pushed forward the high-quality development of the Bank, and achieved sustained growth in business efficiency and Shareholders' value.

By the end of 2021, the total assets of the Bank were RMB522.250 billion, representing an increase of 13.58% over the beginning of the year; the total deposits were RMB313.525 billion, representing an increase of 15.17% over the beginning of the year; and the total loans were RMB244.205 billion, representing an increase of 18.12% over the beginning of the year; the operating income exceeded RMB10 billion once again, reaching RMB11.136 billion, and representing an increase of 5.65% over the previous year; the net profit attributable to the parent company was RMB2.923 billion, representing an increase of 22.08% over the previous year; the non-performing loan ratio was 1.34%, representing a decrease of 0.17 percentage point over the beginning of the year; the net assets per share attributable to ordinary shareholders of the Company was RMB5.50, representing an increase of RMB0.53 over the end of the previous year.

In 2021, the social reputation of the Bank was further enhanced, and the Bank was awarded the Five Star Diamond Award six times, Top 500 Most Valuable Brands in China, and Most Valuable Brands in Qingdao on China Brand Day 2021, with increasing social influence and attention.

I. SUMMARY OF THE MAIN WORK OF THE BOARD IN 2021

(I) Adhered to the original intention of financial services and fully supported the development of the real economy

In 2021, in active response to the strategic deployment of the Party and the State, the Board of Directors conscientiously implemented the requirements of financial regulation, adhered to market-oriented operation under the legal framework constituted by the Company Law, etc., and continuously enhanced its core competitiveness. During the year, focusing on the national macro policies, the Board of Directors guided the management to stick to the main position of financial services, do a solid job in “ensuring stability in employment, financial operations, foreign trade, foreign investment, domestic investment, and expectations”, fully implement the tasks of “ensuring security in job, basic living needs, operations of market entities, food and energy security, stable industrial and supply chains, and the normal functioning of primary-level”, continuously optimize the ability to serve the real economy, and further increase credit investment in new infrastructure, marine strategic emerging industries, high-end manufacturing, people's livelihood security, and inclusive finance. At the end of

2021, the Bank's inclusive loan balance was RMB22.006 billion, representing an increase of 21.14% over the end of the previous year, and the regulatory assessment requirements were fully completed. During the year, the Bank released the world's first blue bond standard, issued blue financial loans of RMB1.367 billion, and blazed a new trial to environmental protection and marine economic development; landed the first carbon-neutral loan in Shandong Province and issued the first carbon-neutral bond to help the green and low-carbon transformation of the local economy; newly opened 470 agricultural assistance sites to help rural revitalization, and established 10 community sub-branches to serve community residents and promote the in-depth development of inclusive finance; released the "Medium and High Grade Index of State-owned Enterprise Credit Bonds in the Jiaodong Economic Circle" to help the integrated development of the Jiaodong Economic Circle.

(II) Strengthened strategic guidance and opened up a new chapter of sustainable development

2021 was the closing year of the Bank's 2019-2021 strategic plan. Under the decision-making guidance of the Board of Directors, the Bank successfully completed the three-year strategic plan. In 2021, the Board of Directors remained forward-looking, scientific and continuous in strategic guidance and promoted the dynamic linkage and high agreement between the strategic plan and its implementation by reviewing the report on the implementation of the previous year's strategic plan; supported the management to promote the "double improvement" of business and management, continue to strengthen the synergistic development of the Group and accelerate the pace of digital transformation in accordance with the operating guideline of "strengthening the foundation, serving the entity, preventing risks and improving the overall situation". The Bank of Qingdao steadily improved its scale and efficiency, reached the "535" target, entered the mid-sized bank category, and stepped up to a new level of development. In the face of increasingly fierce competition in the industry, the Board of Directors supported the management's approach to deepen the customer base, promoted community finance and farmer-supported finance simultaneously, and made significant progress in the strategic business. The Board of Directors supported the management to continue to promote the institutional layout. The Rizhao Branch of the Bank has been officially opened, and the provincial layout is about to be completed.

(III) Adhered to shareholder governance and continued to exert the effectiveness of corporate governance

The Bank has always regarded the improvement of corporate governance as the foundation of the Bank and the source of its development. In practice, the Bank has gradually worked out a special corporate governance model that is in line with the regulatory guidance, its own shareholding structure and resource endowment, and can promote its sustainable and healthy development, which has laid a solid governance foundation for the Bank's high-quality development in recent years. The Bank's corporate governance work has received attention and praise from regulatory authorities and industry experts in recent years. In the 2021 GYROSCOPE evaluation results of the steady development capability of commercial banks released by the China Banking Association, the Bank's corporate governance capability ranked first among city commercial banks. The Bank also won three honor titles, including "Excellent Board of Directors" in the 16th "Golden Roundtable" Award for the Board of Directors of Listed Companies in China organized by The Board of Directors magazine.

1. Standardized the management of shareholder behavior and created a good governance culture. The Bank adhered to the principle of “clear relationship, openness and transparency”, and proactively strengthened shareholder behavior management through penetrating identification and regular evaluation under the strategic guidance of the Board of Directors. Through years of cooperation, a governance culture of respect, trust and support has been established between the Bank of Qingdao and its major shareholders, which promoted the compliance of major shareholders in fulfilling shareholders’ rights within the framework of corporate governance.
2. Strengthened the compliance management of related transactions. In accordance with the requirements of the CBIRC, the SZSE and the Stock Exchange, the Board of Directors strictly implemented the process of reporting, approval and disclosure of related transactions, considered major related transactions in a compliant manner, paid great attention to the fairness of related transactions and continuously promoted the construction of related transaction management system. In 2021, the indicators of related transactions of the Bank were in compliance with the regulatory requirements and there were no cases that violated the principle of fairness or harmed the interests of the Bank and shareholders.

(IV) Efficiently completed capital replenishment and consolidated the capital foundation for future development

The Bank’s Board of Directors attached great importance to capital management and capital adequacy, and guided the management to use capital scientifically and achieve endogenous growth while promoting capital replenishment from external sources in a timely manner to strongly support business development.

1. Efficiently completed A+H rights issue. At the beginning of 2021, the Board of Directors made a strategic decision to launch the A+H share rights issue project, which took 13 months and finally completed the issuance in February 2022. The total amount raised from the rights issue was RMB4.196 billion, all of which have been used to replenish the Bank’s core tier-one capital after deducting issuance expenses. The core tier-one capital adequacy ratio increased by 1.46 percentage points compared with the end of the previous year.
2. Promoted multi-level capital replenishment. The Board of Directors supported the Bank in the adoption of a multi-channel and multi-level approach to capital replenishment. In 2021, the Bank completed the issuance of two tranches of tier-two capital bonds totaling RMB6 billion, which further increased the level of capital adequacy ratio, and improved indicators such as the dependence on core liabilities and the ratio of stable funds. During the year, the Bank launched the issuance of perpetual bonds and made forward-looking capital planning under the strategic guidance of the Board of Directors.

(V) Smoothly completed the re-election of the Board of Directors and laid a foundation for governance

2021 was the year of the re-election of the Board of Directors of the Bank of Qingdao. In order to ensure a smooth transition of the Board of Directors, the Board of Directors of the Bank followed the domestic and overseas regulatory requirements and corporate governance procedures, actively researched and formulated a re-election plan, comprehensively considered the interests of major shareholders, the need for diversification of the Board of Directors and the actual situation of the Bank, and successively completed the decision-making processes of recommendation by shareholders, nomination by the Nomination Committee of the Board of Directors, consideration by the Plenary Meeting of the Board of Directors and approval by the General Meeting of Shareholders. The new members of the Board of Directors were successfully elected. The eighth session of the Board of Directors held a timely meeting to elect the Chairman of the Board, determined the composition of the special committees and appointed the senior management, thus maintaining the relative stability and smooth transition of the new Board of Directors. The newly-appointed directors injected new strength into the Board of Directors and further improved the professional ability and performance level of the Board of Directors.

(VI) Continuously strengthened risk management and control and significantly improved asset quality

In 2021, in the face of a complex and volatile internal and external economic environment, the Board of Directors insisted on prudent and steady risk preference, urged the management to focus on risk control in key areas, took forward-looking measures, and continuously improved the overall risk management level.

1. Strengthened the overall risk management level of the Group. The Board of Directors prudently formulated the business operation risk preference plan for 2021 from the perspective of consolidated management of the Group's accounts and determined the risk constraint indicator system on the basis of giving consideration to risks and benefits. The Board of Directors supported the management to establish a comprehensive risk management and control system, officially launched a unified credit extension and credit risk consolidated management system during the year, integrated and connected the underlying data of 13 sets of business systems, and realized the head office control and integrated operation of credit business; established a comprehensive risk management committee and risk management office to further improve the level of risk prevention and internal control.
2. Regularly monitored all kinds of risk management. Through regular review of various risk reports on credit risk, market risk, liquidity risk and compliance risk, the Board of Directors prudently assessed the Bank's overall risk management status and the effectiveness of work measures, and put forward work requirements and guidance suggestions for the key points of risk management. In 2021, the Bank had no major risk events, and all major risk management indicators were stable and

good. Among them, the non-performing loan ratio at the end of the year reached 1.34%, down 0.17 percentage point from the beginning of the year; the non-performing loan ratio plus the rate of special-mentioned loan fell to 2.37%, down 0.61 percentage point from the beginning of the year, and the risk resilience was significantly enhanced.

(VII) Improved internal control and supervision, consolidated the basis of compliance operation

In 2021, the Board of Directors further improved the internal control evaluation mechanism, strengthened the multi-dimensional supervision role of internal and external audit, and supervised the Bank's compliance with laws and regulations to achieve steady development. In 2021, there were no major cases caused by internal reasons or external events.

1. Continuously improved the internal control mechanism. The Board of Directors guided the Bank to carry out self-evaluation of internal control in accordance with regulatory requirements at home and abroad, reviewed internal control evaluation reports regularly, promoted the Bank to continuously improve the construction of internal control mechanism, focused on the problems of the Bank found in various inspections by regulatory agencies and the implementation of rectification, reviewed financial regulatory circulars and rectification reports, urged the management to adhere to be problem-oriented, organically combined problem rectification with management improvement and constantly improved the level of internal management. In 2021, the Bank found no major defects in the design or implementation of internal control.
2. Gave full play to internal and external audit supervision. The Board of Directors attached great importance to the supervision role of internal and external audit institutions, carefully listened to internal and external audit work reports and various special audit reports and rectification reports, paid attention to communication with external audit institutions, supported external audit institutions to issue audit management proposals, and continued to follow up on the improvement of the Bank; continued to strengthen the construction of internal audit and deepen the transformation to management audit, continuously expanded the scope and depth of audit, actively innovated methods and means, strived to enhance the value of internal audit, consolidated the third line of defense against risks, and enhanced the endogenous driving force for sustainable development.

(VIII) Strengthened information disclosure and investor relations management and protected the legitimate rights and interests of investors

Bank of Qingdao has always adhered to the concept of “understanding investors, respecting investors, protecting investors and rewarding investors”. Under the guidance of the Board of Directors, the Bank has been actively exploring the information disclosure and

investor relations management mode with the characteristics of the Bank, improving the construction of investor protection mechanism and guiding the correct expression of the Bank's intrinsic value to continuously, and continuously enhance the Bank's image and influence in the capital market.

1. Conducted information disclosure in compliance with regulations. The Board of Directors guided the Bank to follow the principle of authenticity, accuracy, completeness, timeliness and fairness, continuously improve the effectiveness and transparency of information disclosure, show investors the real operation situation and investment value of the Bank and effectively protect investors' right to know. In 2021, the Bank normatively issued 237 announcements on the Hong Kong Stock Exchange and the SZSE, and was rated A grade in the 2020 annual information disclosure assessment announced by the Shenzhen Stock Exchange.
2. Attached importance to investor relations management. Under the guidance of the Board of Directors, the Bank continued to expand the communication channels with the capital market, delivered the Bank's development strategy, characteristic advantages and operating results with a frank and open mind, continuously accumulated recognition of the Bank's value amongst investors who are the backbone of the market, and established a good market image; strengthened the awareness of the subject and responsibility of investor education and protection, continued to strengthen the publicity and popularization of financial knowledge, built and improved the long-term mechanism for public education services, and effectively protected the legitimate rights and interests of investors and financial consumers. With its in-depth practice in investor relations, the Bank was awarded the "Excellent Practical Case of Listed Companies' 2020 Annual Report Performance Presentation Meeting" by the China Association of Listed Companies for its experience in the 2020 Annual Performance Presentation Case.

(IX) Promoted the standardized operation of the Board of Directors and continuously strengthened the performance of duties

The Board of Directors bore the ultimate responsibility for the operation and management of the Bank. In 2021, the Bank gave full play to the role of strategic guidance and scientific decision-making of the Board of Directors, and promoted the implementation of strategies and the achievement of business objectives.

1. Standardized the organization of the Board meeting and gave full play to the core role of decision-making. In 2021, the Board of Directors convened 13 meetings, 4 of which were on-site meetings, and 9 of which were held by way of written communications voting. Resolutions on 60 major issues were offered, including the work report of the President, the report for final financial accounts, the integrated business plan, the profit distribution plan in 2020, A+H rights issue plan and

issuance of capital bonds with no fixed term, and received or reviewed 58 special reports, including various risk management reports, internal and external audit reports and external auditors' recommendation letter to management and rectification reports.

2. Broadened the channels of performance and gave full play to the professional role of independent Directors. The Board of Directors gave full play to the professional role of the special committees, conducted pre-discussion on the matters to be submitted to the Board of Directors for consideration, put forward constructive opinions and suggestions, gave full play to the role of decision-making, and promoted the scientific decision-making and efficient operation of the Board of Directors. In 2021, the special committees of the Board of Directors convened 26 meetings, considered 39 proposals and reviewed 51 reports. Independent Directors further broadened the channels for performing their duties, organized and carried out several special research on credit risk control, internal audit, credit card business and other aspects, formed special research reports which were improved item by item by senior management, promoting the continuous improvement of the Bank's internal management.
3. Strengthened self-development and abilities in performing duties. In 2021, all Directors were dedicated and diligent, actively participated in all kinds of training and research organized by regulatory agencies, sponsor institutions and the Bank, focused on studying the newly revised or promulgated laws and regulations on corporate governance, such as the new Securities Law, the Code of Corporate Governance for Banking and Insurance Institutions and the Evaluation Measures for the Performance of Directors and Supervisors of Banking and Insurance Institutions (for Trial Implementation), continuously deepened the understanding of the macroeconomic situation, regulatory policies, industry development trends, etc., and improve the professional performance ability.

(X) Standardized performance evaluation and continuously improved incentive and restraint mechanism

In 2021, the Board of Directors took the standardized performance evaluation as the starting point, gave full play to the important role of incentive and restraint mechanism, guided the management to adhere to a target-oriented approach, improved management efficiency, and promoted the effective achievement of business objectives.

1. Standardized performance evaluation. The Board of Directors established and continuously improved the records of Directors' performance of duties and integrity, and kept the documents of the Board meetings and the general meetings in strict accordance with the regulatory requirements, kept the self-evaluation report of Directors' duty performance, the evaluation report of Directors' duty performance issued by external audit institutions and other documents in a standardized manner.

The Board of Directors earnestly cooperated with the Board of Supervisors to carry out the evaluation of Directors' performance through the combination of "self-evaluation + external-evaluation", and urged Directors to continuously improve their performance.

2. Continuously improved the performance management system. According to the internal and external conditions and strategic development goals, the Board of Directors adhered to the combination of incentives and constraints, established a reasonable performance management mechanism, optimized the market-oriented remuneration system, and considered and approved the proposal on the annual total bonus for employees and performance bonus of senior management in accordance with the principle of "managing senior management and managing the total amount", ensuring reasonable, timely and effective incentives.

II. PROSPECTS FOR THE KEY WORK OF THE BOARD OF DIRECTORS IN 2022

2022 is the year of the 20th National Congress of the Communist Party of China, a key year to start a new journey of building a comprehensive socialist modern country, and the opening year of the Bank's new three-year strategic plan. However, the international situation continues to be volatile and the macroeconomic faces greater uncertainties, and the downward pressure on the domestic and international economy increases, putting forward higher-level requirements for the operation and development of the banking industry. In the face of a complex economic environment and the recurrence of the epidemic, the Board of Directors of the Bank will continue to adhere to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, maintain strategic determination, boost development confidence, actively respond to challenges, seize development opportunities, and continuously improve the level, taking the Bank's high-quality development to the next level. The main tasks are as follows:

(I) Adhering to strategic guidance and advancing the formulation of a new round of strategic planning

As the final year of the three-year strategic plan, the Bank has successfully completed the objectives and tasks of the strategic plan in 2021. In 2022, the Board of Directors of the Bank will comprehensively analyze the macroeconomic situation, market environment, risk tolerance and its own comparative advantages faced by the Bank in combination with the national, provincial and municipal "14th Five-Year" development plans, and complete a new round of strategic planning (2022-2024) as soon as possible, and strive to maintain the foresight, continuity and scientificity of the medium and long-term strategies. The Board of Directors will strengthen strategic guidance, support and supervise the senior management to implement the strategy, and realize the long-term and sustainable development of the Bank.

(II) Improving the corporate governance system and strengthening the efficiency of corporate governance

In response to the new policies, systems and regulations promulgated by government regulators, the Board of Directors will study and implement them in a timely manner, further revise and improve the Articles of Association and other corporate governance systems, coordinate the relationship between top-level design and layered docking, and transform the advantages of the corporate governance system into governance efficiency. At the same time, the Board of Directors will continue to adhere to the principles of laws, regulations and regulatory policies, standardize the convening of general meetings of shareholders, coordinate the meetings of the Board of Directors and special committees, continuously optimize the deliberative mechanism, and give full play to the decision-making leadership role of the Board of Directors.

(III) Taking adhering to the compliance operation as the bottom line and improving the comprehensive risk management

In 2022, the Board of Directors will continue to adhere to the concept of compliance operation, actively carry out supervision, adhere to the prudent and steady risk preference strategy in combination with the Bank's business development goals, continue to strengthen the construction of the internal control system of "risk management, compliance and internal audit", and continuously improve the level of compliance management. At the same time, the Board of Directors will pay close attention to the changes in internal and external business environment, regularly monitor and evaluate various risk indicators, continuously supervise the senior management to strengthen the comprehensive risk management of credit risk, liquidity risk, market risk and operational risk, accelerate the construction of information system, and further improve the foresight and effectiveness of risk management.

(IV) Demonstrating a good market image by taking investors' needs as the guide

In 2022, the Board of Directors will focus on the needs of the capital market and investors, actively fulfill the responsibilities and obligations of listed companies, earnestly safeguard the legal rights and interests of investors, fully display the Bank's good market image and continuously enhance mutual understanding and trust with investors through compliant and effective information disclosure and multi-level and all-round investor exchanges. At the same time, the Board of Directors will establish a two-way transmission mechanism of external information transmission and internal feedback, absorb and draw lessons from market value judgment, and gradually build a virtuous circle of operation management and value growth.

Please consider.

**WORK REPORT OF THE BOARD OF SUPERVISORS OF
BANK OF QINGDAO CO., LTD. FOR 2021**

In 2021, the Board of Supervisors of Bank of Qingdao Co., Ltd. (hereinafter referred to as the “**Bank**”), under the correct leadership of the shareholders’ general meeting, with the support and cooperation of the Board of Directors and senior management, and in accordance with the provisions and requirements of the Company Law, the Securities Law, the Guidelines on the Corporate Governance of Commercial Banks and other laws and regulations as well as the relevant provisions of the Articles of Association of the Bank, have all supervisors diligently perform their duties, closely focus on the Bank’s strategic development goals and annual central work, conscientiously implement the regulatory requirements, carry out supervisory work in a standardized manner, promote the sustainable development of the Bank and safeguard the legitimate rights and interests of the Bank, shareholders, customers and employees. The main work of the Board of Supervisors in 2021 and the work plan for 2022 are reported as follows:

I. MAIN WORK OF THE BOARD OF SUPERVISORS IN 2021**(I) Successfully completed the re-election and achieved a smooth transition of work**

In 2021, the term of the seventh session of the Board of Supervisors of the Bank expired. To ensure a smooth transition of supervision work, the Board of Supervisors followed domestic and overseas regulatory requirements and corporate governance procedures, formulated a re-election plan, examined and elected the candidates for shareholder supervisors and external supervisors, and submitted them to the shareholders’ general meeting for consideration and approval. Work was promoted to convene the Staff Representative Conference and the election of Staff Supervisors as scheduled. The eighth session of the Board of Supervisors convened a meeting in a timely manner, elected the chairman of the Board of Supervisors, determined the composition of each special committee, performed their duties as scheduled, and achieved a smooth transition of work. The three newly-appointed supervisors in the eighth session of the Board of Supervisors have rich experience in enterprise management and professional theoretical foundations, which have injected new vitality into the Board of Supervisors and further enhanced the overall professional ability and performance level of the Board of Supervisors.

(II) Standardized the organization of meetings and fully performed supervisory duties

In 2021, the Board of Supervisors convened meetings of the Board of Supervisors and special committees in accordance with the relevant provisions of the Articles of Association, Rules of Procedure and the needs of performing supervision work. In the whole year, the Board of Supervisors convened 8 meetings, 3 of which were on-site meetings, and 5 of which were voted via written communications. 27 proposals were considered and passed, including the work report of the President, periodic reports, profit distribution plan, the internal control self-evaluation report, the performance evaluation report of the Directors, Supervisors and the senior management. The Board of Supervisors received 55 reports, including various risk

management reports, internal audit reports, financial supervision circulars, and rectification reports. In the whole year, the special committees of the Board of Supervisors convened a total of 9 meetings, 6 of which were meetings convened by the supervision committee, and 3 of which were convened by the nomination and evaluation committee. 16 relevant proposals were considered, and 49 reports were received. Through convening meetings, the Board of Supervisors conducted sufficient research and deliberation on major issues related to the development of the Bank, expressed objective and independent opinions and suggestions, and effectively performed its supervisory duties.

(III) Focused on key areas and achieved remarkable results of the substantive supervision

In accordance with the requirements of the Guidelines on the Corporate Governance of Commercial Banks, the Board of Supervisors assumed the ultimate responsibility for performance evaluation. During the year, the Board of Supervisors followed the principles of compliance with the law, objectivity and impartiality, uniform standards, and scientific and effective supervision, and carried out performance supervision throughout the supervision process.

First, the Board of Supervisors carried out in-depth daily supervision on duty performance. During the year, the Supervisors attended 1 annual general meeting and 4 extraordinary general meetings, attended 4 on-site meetings of the Board of Directors and some special committee meetings of the Board of Directors, reviewed the documents of 9 meetings of the Board of Directors voted via written communications, and supervised the convening procedures, the matters considered, the voting procedures and the performance of Directors' duties in accordance with the law. The employee Supervisors attended the president office meeting, the internal control review meeting, and other important meetings of the senior management. They supervised the consideration and decision-making process of major issues and key matters related to the operation and management of the whole Bank, and put forward objective and independent opinions and suggestions from the perspective of the Board of Supervisors.

Second, the employee Supervisors went deep into the forefront, visited the branches and enterprise customers more than 20 times in the year, earnestly understood the actual situation of the operation and management and marketing services of front-line organizations, and played the role of guidance and assistance while performing the supervision duties.

Third, the annual performance evaluation was done carefully. Following the principles of compliance with laws and regulations, seeking truth from facts, and being scientific and effective, the Board of Supervisors formulated the work plan for performance evaluation and carried out the performance evaluation in an orderly manner. In the performance evaluation session, the Board of Supervisors carefully reviewed various performance tracking records, combined with the daily performance supervision, comprehensively and thoroughly grasped the duty performance situation and evaluated the performance of the Board of Directors, senior management, and their members; in the performance feedback session, the Board of Supervisors optimized the annual performance evaluation report and gave feedback to the

Directors and senior management one by one, pointed out shortcomings while affirming the achievements and put forward suggestions for improvement, so as to promote each corporate governance body to perform their duties more diligently.

(IV) Focused on the implementation of financial supervision and effectively protected shareholders' interests

Financial supervision is one of the important contents of the duties of the Board of Supervisors. From the perspective of safeguarding the interests of shareholders, the Board of Supervisors focused on the substance and efficiency of supervision and continuously extended the breadth and depth of supervision.

First, the regular reports were carefully reviewed. The Board of Supervisors considered the annual report of 2020 and the interim report of 2021, supervised the preparation and audit procedures of the periodic reports and the authenticity and completeness of the report contents, and considered that the preparation and audit procedures of periodic reports were in line with the law, and the contents reflected the actual situation of the Bank in a true, accurate and complete way.

Second, important financial matters were supervised. The Board of Supervisors considered the profit distribution plan in 2020 and the proposal on the appointment of domestic and foreign auditors and their remuneration in 2021, supervised the decision-making process, and had no objection to the profit distribution plan and the appointment of auditors.

Third, the Board of Supervisors regularly reviewed the financial data and timely tracked the financial operation. The Board of Supervisors reviewed the financial indicators such as deposits and loans, asset quality and capital adequacy on a quarterly basis to keep abreast of the operation and development status in a timely manner. The financial reports were reviewed on a semi-annual basis, focusing on the implementation of the financial budget.

(V) Strengthened risk internal control and supervision to ensure the steady development of compliance

In 2021, the Board of Supervisors strictly implemented the regulatory requirements, further strengthened the comprehensive risk supervision and internal control supervision, and conducted effective supervision by means of proposal deliberation, listening to reports, special research, and symposiums. First, the Board of Supervisors continued to strengthen the supervision of the Board of Directors and senior management in performing comprehensive risk management and control responsibilities such as credit risk, market risk, operational risk, consolidated risk and compliance risk, carefully considered relevant proposals, timely understood the Bank's comprehensive risk management status. The Board of Supervisors put forward constructive supervision opinions on the construction of risk management system and mechanism, control of large amount risk exposure, credit investment and asset quality and other key aspects.

Second, The Board of Supervisors continuously paid attention to the performance of “three lines of defense” and the construction of compliance management mechanism, mainly focused on the implementation of internal control in key areas such as case prevention, terrorist financing and anti-money laundering, employee abnormal behavior management, and supervised the effectiveness of internal control mechanism.

Third, the Board of Supervisors conscientiously studied all kinds of supervision and inspection reports issued by regulatory agencies, regularly received the work reports of the internal audit department, timely reviewed the special audit reports and rectification reports, supervised and tracked the rectification of key issues by management in real time, formed a closed work loop of “supervision, improvement, feedback and promotion”, and promoted the continuous improvement of the Bank’s compliance operation.

Fourth, the Board of Supervisors carried out special research and continuously improved the quality and efficiency of research. During the year, the Board of Supervisors conducted special research on credit concentration management, explored the origin of problems, and put forward systematic and targeted opinions and suggestions. The special research report was highly valued by the Board of Directors and the senior management. The relevant opinions and suggestions were seriously studied and implemented. The Bank was driven to improve the corresponding system of credit concentration management, which further strengthened the dynamic management of credit concentration, and comprehensively improved the Bank’s risk management and control ability.

(VI) Strengthened self-construction to continuously improve performance ability

In 2021, the Board of Supervisors kept strengthening its self-construction and constantly adapted to the latest regulatory requirements. Through organizing various kinds of special training, the Board of Supervisors strengthened exchange and learning, firmly established the awareness of performing its duties in compliance, and continuously improved its ability to perform its duties. First, the Board of Supervisors organized supervisors to participate in various training and learning activities organized by the regulatory agencies to learn and master the latest regulatory policies as well as requirements and clarify the focus and direction of their future duties. Second, the Board of Supervisors organized all Supervisors to participate in special training on laws and regulations organized by the Bank, focusing on the interpretation of the “Evaluation Measures for the Performance of Directors and Supervisors of Banking and Insurance Institutions (for Trial Implementation)” and other laws and regulations newly revised and promulgated by domestic and foreign regulatory agencies in 2021. The Board of Supervisors continuously improved the awareness and ability of compliance performance. Third, all Supervisors reviewed the “Directors and Supervisors’ Newsletters” prepared by the Bank every month to keep abreast of the Bank’s operation and management.

II. INDEPENDENT OPINIONS ISSUED BY THE BOARD OF SUPERVISORS ON RELEVANT MATTERS**(I) Legal operation**

The business activities of the Bank in 2021 complied with the provisions of the Company Law, the Commercial Bank Law and the Articles of Association of the Bank, and the decision-making procedures were legal and effective. The Directors and senior management of the Bank faithfully and diligently performed their duties in the process of business operation and management, and no violation of laws and regulations, the Articles of Association of the Bank or damage to the interests of the Bank and Shareholders was found in the performance of their duties.

(II) The actual situation of financial report

KPMG Huazhen LLP and KPMG have separately audited the Bank's financial statements for 2020 prepared in accordance with the Accounting Standards for Business Enterprises and the International Financial Reporting Standards, and separately issued standard unqualified audit reports thereon. The Board of Supervisors considered that the financial statements were true, accurate and complete, reflecting the Bank's financial position and operating results.

(III) Acquisition and disposal of assets

During the reporting period, the Board of Supervisors did not find any insider trading, any conduct that damaged Shareholders' rights and interests or caused loss of assets in the process of acquisition or disposal of assets.

(IV) Related party transactions

As for the related party transactions that occurred during the reporting period, the Board of Supervisors did not find any behaviors that violated the principle of fairness or damaged the interests of the Bank and Shareholders.

(V) Internal control

The Board of Supervisors considered the Internal Control Self-Assessment Report of Bank of Qingdao Co., Ltd. for 2021 and had no objection to the contents of the report. During the reporting period, no major defect was spotted in the integrity, rationality, effectiveness and implementation of the Bank's internal control mechanism and system.

(VI) Implementation of resolutions of the general meeting

The Board of Supervisors had no objection to the reports and proposals submitted by the Board of Directors to the general meeting of the Bank for consideration in 2021, supervised the implementation of the resolutions of the general meeting, and believed that the Board of Directors had conscientiously implemented the relevant resolutions of the general meeting.

III. WORK PLAN FOR 2022

The year 2022 is a critical year for the implementation of the 14th Five-Year Plan and the start of the Bank's new three-year strategic plan. However, the world economic situation is still complex and severe, and the various derivative risks brought about by the impact of the epidemic on the banking industry cannot be ignored. The Board of Supervisors will conscientiously implement the decisions and arrangements of the CPC Central Committee and the State Council, as well as the spirit of the Banking Supervision Work Conference, adhere to the bottom-line thinking, complete the situation research and judgment, improve risk prediction ability, conscientiously perform the supervision function, and strive to improve the service level. The focus will be on the following aspects.

(I) Strictly adhering to regulatory requirements and conscientiously performing supervisory duties

The Supervisory Board will closely follow the changes in regulatory policies, carefully study the regulatory opinions, and insist on taking the regulatory requirements as the action guide for supervision work. First, we will further sort out the various systems of the Board of Supervisors and the performance evaluation requirements of Directors, Supervisors and senior executives. In accordance with regulatory requirements, industry practices and the Bank's actual situation, we will optimize and improve the performance evaluation system, and continue to provide institutional guarantees for the performance of the Board of Supervisors. Second, we will integrate the supervision resources, form the linkage of internal audit, external audit, risk control, discipline inspection and compliance, expand the depth and breadth of supervision, and provide richer and more professional support and guarantee for the decision-making of the Board of Supervisors. Third, we will improve the working mechanism of employee Supervisors, give full play to the advantages of employee Supervisors working in the Bank, promote daily supervision in an orderly manner, go deep into the head office and branches, and increase attention to key businesses and new business models. Fourth, we will carry out special research focusing on regulatory concerns and internal control weaknesses, establish a normalized research mechanism of work, and promote the continuous improvement of the Bank's internal risk control.

(II) Highlighting the key points of supervision and strengthening the effectiveness of supervision

First, we will focus on the preparation and implementation of the new strategic plan. In 2022, the Board of Supervisors will promote the scientific formulation of the new strategic plan by the Board of Directors, evaluate the rationality and effectiveness of the strategic plan, and at the same time focus on monitoring the implementation of the strategic plan, providing timely feedback to the Board of Directors and senior management on problems identified in the implementation of the strategic plan and promoting the implementation and optimization of the strategic plan. Second, we will strengthen the supervision of duty performance, with the revised and improved performance evaluation system for directors, supervisors and senior management as the starting point, give full play to the supervision and balance role of corporate governance, and promote the compliance and full duty performance of the Board of Directors and senior management. Third, we will further optimize financial supervision and risk internal control supervision, examine and supervise the annual financial budget and final accounts, annual reports, profit distribution, business development plans, risk internal control reports and other relevant contents. Fourth, we will focus on the rectification and implementation of problems found by regulatory agencies and internal and external audits, adhere to the problem orientation approach and closely follow development practices, aiming to ensure the stable operation of the Bank.

(III) Strengthening self-construction and enhancing the ability to perform duties

First, we will strengthen the communication and collaboration with external professional institutions, form a normalized communication mechanism with external audit institutions and internal audit and risk internal control departments, integrate supervision forces, enrich supervision means, and have a more comprehensive and in-depth understanding of the Bank's business development and risk internal control, aiming to lay a solid foundation for the effective implementation of supervision functions. Second, we will increase the frequency of special training on laws and regulations, timely understand the guidance of regulatory policies, firmly establish compliance awareness, and continuously improve the ability to perform duties. Third, we will strengthen peer exchanges and actively learn from listed companies and outstanding peer supervisory boards to broaden the work ideas, innovate working methods, improve the working mechanisms and enhance work effectiveness.

Please consider.

**SPECIAL REPORT ON RELATED PARTY TRANSACTIONS OF
BANK OF QINGDAO CO., LTD. FOR 2021**

In 2021, the Bank strictly complied with the relevant regulations of domestic and overseas regulatory authorities and stock exchanges, continuously improved related party transaction management, effectively prevented the risk of related party transactions. All indicators of related party transactions were controlled within the scope allowed by regulatory requirements. The related party transactions of the Bank for 2021 are reported below:

I. COMPOSITION OF RELATED PARTY TRANSACTIONS CONTROL COMMITTEE UNDER THE BOARD OF DIRECTORS AND SUMMARY OF CONVENING OF ANNUAL MEETING FOR 2021

The Related Party Transactions Control Committee under the Board of Directors of the Bank consists of 7 members, and the post of chairman of the committee was held by an independent Director. The proportion of independent Directors set in the committee was more than half.

In 2021, the Related Party Transactions Control Committee under the Board of Directors of the Bank held 7 meetings in total and reviewed and approved 14 resolutions and received 3 reports, including the resolutions on confirmation of the list of related parties, the review on major related party transactions and receiving of the quarterly report on related party transactions status.

II. MANAGEMENT MEASURES FOR RELATED PARTY TRANSACTIONS FOR 2021

In 2021, based on the basic principles of “compliance” and “fairness”, the Bank carried out related party transactions in a standardized manner, continuously promoted the system construction, and improved the quality and efficiency of related party transaction management. In particular, the Bank adopted the following measures:

1. Refined the construction of the related party transaction management system. According to regulatory requirements and daily management needs, the Bank has increased the fetching field, optimized the fetching logic and increased the frequency of reports in the related party transaction reporting system, and realized automatic data collection and automatic output of various business ledgers for public and private business, which effectively improved the efficiency of indicator monitoring, data reporting, etc.
2. Continuously carried out the amount projection of related party transactions. At the beginning of the year, the Bank completed the amount projection of related party transactions for 2021, implemented front-loaded management and control of related party transactions, and rationalized the layout among different related party groups, with the projected amount of credit related party transactions decreasing by RMB4.3 billion compared with the previous year.

3. Regularly updated the list of related parties. The annual centralized consultation and confirmation of the related party list were conducted for all related party reporting subjects such as major shareholders, Directors, Supervisors, senior management, and other personnel in the Bank who have the authority to decide or participate in credit granting and asset transfer. At the same time, the list of related parties was updated on a quarterly basis according to the re-election of the Board of Directors and the Board of Supervisors, the opening of new branches, etc., and submitted to the Related Party Transaction Control Committee of the Board of Directors for confirmation.

In 2021, the Bank successively updated the list of related parties four times. As of the end of 2021, according to the specifications of CBIRC, the Bank had 1,237 related legal persons or other organizations and 9,616 related nature persons; according to the specifications of the Stock Exchange, there were 1,085 related legal persons or other organizations and 187 related nature persons; according to the specifications of the CSRC and the SZSE, there were 195 related legal persons or other organizations and 179 related nature persons.

III. APPROVAL OF RELATED PARTY TRANSACTIONS FOR 2021

In accordance with commercial principles, the Bank approved related party transactions on conditions not more favorable than those for comparable transactions with non-related parties. The terms of the transactions were fair and reasonable and in the interests of all Shareholders and the Bank as a whole. The Bank implemented the corresponding approval process and approval requirements for the related party transactions in specifications of CBIRC, the Stock Exchange, CSRC, and the SZSE. The details are as follows:

(I) Related party transactions in specifications of CBIRC

In 2021, the Bank strictly complied with regulatory requirements. It did not provide any credits to related parties using the Bank's equity as a pledge, nor did it provide guarantees for financing activities of related parties.

In respect of the approval of major related party transactions, in 2021, there were a total of 6 major related party transactions considered and approved by the Board of Directors, namely related party transactions with 6 related companies of Haier Group, and the businesses approved were all credit-related with the amount of RMB2.174 billion. The major related party transactions of the Bank were reviewed by the Related Party Transactions Control Committee under the Board of Directors and submitted to the Board of Directors for approval, and reported to the Board of Supervisors and the Qingdao Office of CBIRC within ten working days upon approval. Independent Directors of the Bank issued written opinions on the fairness of major related party transactions and the performance of internal approval procedures.

For the approval of general related party transactions, the Bank approved general related party transactions in accordance with internal authorization procedures, and submitted the general related party transactions to the Related Party Transactions Control Committee under the Board of Directors annually for filings through making special reports on related party transactions.

(II) Related party transactions in specifications of the Stock Exchange

In 2021, the related party transactions in specifications of the Stock Exchange carried out by the Bank were exempted from submission to the Board of Directors and the general meeting for review and from external disclosure. The transactions were approved according to the internal authorization procedures of the Bank.

(III) Related party transactions in specifications of CSRC and SZSE

In 2021, the Bank made reasonable estimates of daily related party transactions in accordance with the relevant requirements of the CSRC and the SZSE, and the Board of Directors and the general meeting has approved and performed the procedures for external disclosure. A single related party transaction within the scope of estimates is not subject to repeated approval and disclosure in accordance with the standards of the CSRC and the SZSE; none of the related party transactions outside the scope of estimates have met the standards for submission to the Board of Directors and the general meeting for consideration and external disclosure, and such transactions have been considered and approved in accordance with the internal authorization procedures of the Bank.

IV. STATISTICS OF RELATED PARTY TRANSACTIONS AT THE END OF 2021

The statistics of the Bank's related party transactions at the end of the year was categorized into related party transactions in specifications of CBIRC, the Stock Exchange, the CSRC and the SZSE, the details of which are as follows:

(I) Related party transactions in specifications of CBIRC

1. Credit related party transactions

As of the end of 2021, the total credit balance of the Bank's credit related party transactions in specifications of CBIRC amounted to RMB1.788 billion. The transaction interest rate or handling fee was determined based on general commercial principles and standards not more favorable than those for similar transactions with non-related parties. The nature of the equity of the related parties in the transaction was debts, with a proportion of 100%. The details of which are as follows:

Names of Related Parties	Types of Transactions	Transaction Balance (RMB100 million)	Interest Rate/ Handling Fee (%) ¹	Income from
				Annual Interest/ Handling Fees (RMB10 thousand) ²
Major related party transactions	-	13.58	-	2,944.87
Qingdao Haiyun Chuangzhi Business Development Co., Ltd.* (青島海雲創智商業發展有限公司)	Loan	8.00	5.70	465.50

APPENDIX III SPECIAL REPORT ON RELATED PARTY TRANSACTIONS FOR 2021

Names of Related Parties	Types of Transactions	Transaction Balance (RMB100 million)	Interest Rate/ Handling Fee (%) ¹	Income from Annual Interest/ Handling Fees (RMB10 thousand) ²
Qingdao Haichen Real Estate Development Co., Ltd.	Loan	3.00	6.50/6.70/ 7.00/8.00	2,479.37
Qingdao Hailizhuju Technology Co., Ltd.* (青島海驪住居科技股份有限公司)	Commercial bill financing	1.56	-	-
Haier Group Finance Co., Ltd.	Interbank bill credit	1.02	-	-
Qingdao Hainayun Intelligent System Co., Ltd.* (青島海納雲智能系統有限公司)	Issuing bank acceptance bills	0.0001	0.50%	0.0043
General related party transactions	-	4.30	-	7,873.51
Total	-	17.88	-	10,818.38

Notes: 1. Interest rate/handling fee rate refers to the interest rate or handling fee rate applicable to the business with transaction balance at the end of the year. In 2021, for the transactions between the Bank and Qingdao Hailizhuju Technology Co., Ltd.* (青島海驪住居科技股份有限公司) and Haier Group Finance Co., Ltd., the income was all derived from non-related party customers; thus, the income from related parties was nil.

2. The income from annual interest/handling fee refers to the interest income or income from handling fee actually obtained from the related party transactions between the Bank and its related parties during the year on a cash basis; part of the business is one-off repayment of principal and interest, and the business has not expired at the end of the year; thus the Bank has not actually obtained interest or handling fee income from related parties in certain businesses in the current year.

In 2021, credit related party transactions were mainly loan and bill financing businesses. In respect of major related party transactions, loans granted to the related parties accounted for 0.45% of total loans to customers (excluding accrued interest) of the Bank. The non-performing ratio of loans for related parties has remained nil, 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 credit related party transactions would have no material impact on the normal operation of the Bank.

As of the end of 2021, after deducting cash guarantees, the related party with the Bank's largest balance of credit facilities was Qingdao Haiyun Chuangzhi Business Development Co., Ltd.* (青島海雲創智商業發展有限公司), accounting for 1.82% of the net capital; the related party group with the largest balance of credit facilities was Haier Group, accounting for 3.08% of the net capital; and the balance of credit facilities granted to all related parties accounted for 4.04% of the net capital. The above indicators have not exceeded the regulatory limits as required by CBIRC.

2. *Non-credit-related related party transactions*

In 2021, the non-credit-related related party transactions in specifications of CBIRC were primarily wealth management products of the Bank hosted by related parties, asset management service provided by related parties to the Bank and the agency sales of financial products released by the related parties by the Bank, with a total transaction amount of RMB288 million, and all of them were general related party transactions. The prices of non-credit-related related party transactions were determined based on general commercial principles and standards not more favorable than those for similar transactions with non-related parties.

(II) Related party transactions in specifications of the Stock Exchange

In 2021, the Bank's related party transactions in specifications of the Stock Exchange were primarily the funds established by related parties relevant to wealth management fund investment with a total transaction amount of RMB12.5642 million during the year.

(III) Related party transactions in specifications of CSRC and SZSE

In 2021, the related party transactions of the Bank in specifications of the CSRC and the SZSE were mainly credit business on and off balance sheet and non-credit business such as agency sales of financial products of related parties, of which the balance of credit business was RMB254 million and the total transaction amount of non-credit business was RMB69.4055 million.

In 2022, the Bank will strictly comply with the laws and regulations as well as the requirements of the administrative measures on related party transactions of the Bank and its implementation rules. The Bank will continuously regulate its management on related party transactions, tirelessly advance the construction of the related party transaction management system and improve the level of intelligent management to firmly safeguard the interests of the Bank and the Shareholders as a whole.

ESTIMATED AMOUNT OF THE ORDINARY RELATED PARTY TRANSACTIONS
OF BANK OF QINGDAO CO., LTD. FOR 2022I. ESTIMATED CLASSIFICATION AND AMOUNT OF THE ORDINARY RELATED
PARTY TRANSACTIONS

No.	Related party	Contents of Related Party Transactions	2022 Estimated Amount	Trading Balance as at the End of Last Year
1	Haier Group Corporation and its related parties	Credit businesses	RMB3,620 million	RMB1,508 million
		Non-credit businesses	RMB8 million	–
2	Intesa Sanpaolo S.p.A. and its related parties	Credit businesses	RMB200 million	–
		Non-credit businesses	RMB27.26 million	RMB11.9642 million
3	Qingdao Conson Development (Group) Co., Ltd. and its related parties	Credit businesses	RMB2,000 million	RMB151 million
		Non-credit businesses	RMB60.63 million	RMB52.5373 million
4	BQD Financial Leasing Company Limited	Credit businesses	RMB3,500 million	–
		Non-credit businesses	RMB4.7256 million	RMB2.2156 million
5	Qingyin Wealth Management Company Limited	Non-credit businesses	RMB320 million	RMB203.9327 million
6	Related natural persons	Credit businesses	RMB318 million	RMB223 million
Sub-total of credit businesses			RMB9,638 million	RMB1,882 million
Sub-total of non-credit businesses			RMB420.6156 million	RMB270.6498 million

Notes:

- The estimated amount above is applicable to the related party transactions between the Bank or the holding subsidiaries of the Bank and the related parties of the Bank but does not constitute the Bank's or the holding subsidiaries of the Bank's credit commitment to its customers. When the related party transaction within the estimated amount actually occurs, the business risk approval and related party transaction approval will be implemented in accordance with the Bank's authorization plan. The pricing of such related transactions will be determined based on commercial terms and conditions that are not less favorable to the comparable transactions with non-related parties. The actual transaction plan shall be subject to the written documents issued by the Bank's authorized examination and approval authority.

2. If the amount of related party transactions set out in the above table is within the approval authority of the Board, it shall take effect from the date of approval by the Board; for those not within the scope of the Board's authority, it shall take effect from the date of approval at the annual general meeting of the year. The validity period of related party transactions set out above shall be valid until the date on which the new estimated amount of the ordinary related party transactions is considered and approved at the next annual general meeting of the Bank.
3. As of the end of the Reporting Period, the balance of credit-related business with Haier Group Corporation and its related parties was RMB1,508 million, including the RMB150 million balance of credit-related businesses between BQD Financial Leasing Company Limited and Haier Group and its related parties.

II. INTRODUCTION OF THE RELATED PARTIES AND RELATED RELATIONSHIP

(I) Haier Group Corporation

1. *Basic information*

Haier Group Corporation, with Zhou Yunjie as its legal representative, has a registered capital of RMB311.18 million. It is principally engaged in the technology development, technology consultancy, technology transfer, technology services; data processing; engaged in digital technology, intelligent technology, software technology; research and development, sales and after-sales services of robots and automation equipment products; logistics information services; the research and development and sales of intelligent household equipment and solution system software technology; the production of household appliances, electronic products, communication equipments, electronic computers and accessories, general machinery, kitchen appliances and robots for industrial purpose; economic technology consultancy; and research, development, and transfer of technological achievements, etc. Its domicile is located at Haier Road, Hi-Tech Industrial Park, Qingdao City, Shandong Province (in Haier Industrial Park). At the end of 2020, it recorded total asset of RMB352.759 billion, net asset of 97.133 billion. During the year, it achieved revenue of RMB230.272 billion and net profit of 11.470 billion.

2. *Related relationship with the Bank*

Haier Group Corporation is a substantial shareholder of the Bank with its subsidiaries holding a total of more than 5% of the Bank's Shares, which is in line with the related relationship as set out in the provisions of Article 7 of the Administrative Measures for the Related Party Transactions of Banking and Insurance Institutions.

3. *Duty performance analysis*

The above-mentioned related party has strong operating strength, continuous growth in main business and results, and good duty performance ability. This related party is not a dishonest person subject to enforcement.

(II) Intesa Sanpaolo S.p.A.**1. Basic information**

Intesa Sanpaolo S.p.A., with Gian Maria GROS-PIETRO as its legal representative, has a registered capital of EUR10,084 million. It is principally engaged in the commercial banking business. Intesa Sanpaolo S.p.A. is a listed company with no controlling shareholder or actual controller. Its domicile is located in Piazza San Carlo, 156 10121 Torino. As of the end of 2021, the total asset was EUR1,069.003 billion and the net asset was EUR63.775 billion, realizing the main business income of EUR20.918 billion and net profit of EUR4.185 billion during the year.

2. Related relationship with the Bank

Intesa Sanpaolo S.p.A. is a substantial shareholder of the Bank with its subsidiaries holding a total of more than 5% of the Bank's Shares, which is in line with the related relationship as set out in the provisions of Article 7 of the Administrative Measures for the Related Party Transactions of Banking and Insurance Institutions.

3. Duty performance analysis

The above-mentioned related party is a large multinational bank headquartered in Italy. It has strong operating strength in the fields of retail banking, corporate banking and wealth management. It has good major financial indicators and good duty performance ability. This related party is not a dishonest person subject to enforcement.

(III) Qingdao Conson Development (Group) Co., Ltd.**1. Basic information**

Qingdao Conson Development (Group) Co., Ltd., with Wang Jianhui as its legal representative, has a registered capital of RMB3 billion. It is principally engaged in the investment, construction and operation of major infrastructure projects in urban and rural areas and major public welfare programs of the government; and engaged in businesses covering real estate, tourism, land development, non-banking financial and other service industries. The controlling shareholder and actual controller of Qingdao Conson Development (Group) Co., Ltd. are the State-owned Assets Supervision and Administration Commission of Qingdao Municipal People's Government. Its domicile is located in the T1 office building of Haitian Center, No. 48 Hong Kong West Road, Shinan District, Qingdao City, Shandong Province. As of the end of September 2021, the total asset was RMB106,369 million and the net asset was RMB39,517 million, realizing the main business income of RMB5,566 million and a net profit of RMB806 million in the first nine months of the year.

2. *Related relationship with the Bank*

Qingdao Conson Development (Group) Co., Ltd. is a substantial shareholder of the Bank with its subsidiaries holding a total of more than 5% of the Bank's Shares, which is in line with the related relationship as set out in the provisions of Article 7 of the Administrative Measures for the Related Party Transactions of Banking and Insurance Institutions.

3. *Duty performance analysis*

The above-mentioned related party is a high-quality, large-scale state-owned enterprise engaged in the investment and operation of state-owned capital. Its major financial indicator is good, and the business operations in various fields are stable and have good duty performance ability. This related party is not a dishonest person subject to enforcement.

(IV) BQD Financial Leasing Company Limited

1. *Basic information*

BQD Financial Leasing Company Limited, with Jiang Fuxin as its legal representative, has a registered capital of RMB1 billion. It is principally engaged in the finance leasing business; transferring in and out assets under a finance lease; fixed income securities investment business; accepting guaranteed deposit of the lessee; absorbing fixed deposits over 3 months (inclusive) from non-bank shareholders; interbank lending and borrowing; obtaining loans from financial institutions; lending loans to offshore borrowers; disposal of and dealing with leased articles; economic consulting, etc. As of the end of 2021, the total asset was RMB12.313 billion and the net asset was RMB1,413 million, realizing the main business income of RMB343 million and a net profit of RMB144 million in the year.

2. *Related relationship with the Bank*

The Bank initiated and established BQD Financial Leasing Company Limited and holds 51% of its share capital. It is a holding subsidiary of the Bank, which is in line with the related relationship as set out in the provisions of Article 7 of the Administrative Measures for the Related Party Transactions of Banking and Insurance Institutions.

3. *Duty performance analysis*

The above-mentioned related party constantly improves its operating ability and profitability with solid risk control and steady operation. It has good major financial indicators and sound duty performance ability. This related party is not a dishonest person subject to enforcement.

(V) Qingyin Wealth Management Company Limited**1. Basic information**

Qingyin Wealth Management Company Limited, with Liu Peng as its legal representative, has a registered capital of RMB1 billion. It is primarily engaged in the public offering of wealth management products to the general public, private placement of wealth management products to eligible investors, investment and management of properties entrusted by investors, and provision of wealth management advisory and consulting services. As of the end of 2021, the total asset was RMB1,609 million and the net asset was RMB1,410 million, realizing the main business income of RMB616 million and a net profit of RMB408 million in the year.

2. Related relationship with the Bank

The Bank initiated and established Qingyin Wealth Management Company Limited and holds its entire share capital, which is in line with the related relationship as set out in the provisions of Article 7 of the Administrative Measures for the Related Party Transactions of Banking and Insurance Institutions.

3. Duty performance analysis

The above-mentioned related party is the first wealth management subsidiary of a city commercial bank approved in Northern China and the sixth within the whole country. It adheres to the business philosophy of “establishment with compliance, governance with professionalism, emergence with innovation and enhancement with technology”, has enjoyed stable operation since its opening, and is well capable of performing its duties. This related party is not a dishonest person subject to enforcement.

(VI) Related Natural Persons

According to the provisions of the Administrative Measures for the Information Disclosure of Listed Companies, the Rules Governing Listing of Shares on Shenzhen Stock Exchange, the Administrative Measures for the Related Party Transactions of Banking and Insurance Institutions, the Interim Measures for the Equity Management of Commercial Banks and other laws and regulations, and the administrative system for related party transactions of the Bank, the criteria for identifying the related natural persons of the Bank are as follows:

1. the Bank’s natural person controlling shareholders, actual controllers, persons acting in concert, and ultimate beneficiaries;

2. natural persons who hold or control more than 5% of the Bank's shareholding, or who hold less than 5% of the Bank's shareholding but have a significant influence on the Bank's management; and related parties, persons acting in concert, and ultimate beneficiaries of the above-mentioned natural person shareholders;
3. directors, supervisors, senior management of the Bank's head office and important branches, as well as persons with authority to approve or make decisions on core business such as large-amount credit extension and asset transfer;
4. the spouses, parents, adult children and siblings of the related parties listed in items 1 to 3;
5. directors, supervisors and senior management of the following related legal persons or unincorporated organizations: the Bank's legal person controlling shareholders, actual controllers, persons acting in concert, and ultimate beneficiaries; the Bank's legal persons or unincorporated organizations, and their controlling shareholders, actual controllers, persons acting in concert, and ultimate beneficiaries who hold or control more than 5% of the Bank's shareholding, or who hold less than 5% of the Bank's shareholding but have a significant influence on the Bank's management;
6. directors, supervisors and senior management of legal persons or other organizations that directly or indirectly control the Bank;
7. close family members of the following related parties, including spouses, parents, children over 18 years of age and their spouses, siblings and their spouses, parents and siblings of spouses, parents of children's spouses, natural persons who directly or indirectly hold more than 5% of the shares of listed companies; directors, supervisors and senior management of the listed companies;
8. according to relevant regulations, natural persons involved in one of the circumstances mentioned above in the past 12 months or the next 12 months under relevant agreements and arrangements;
9. any other natural persons who have such a special relationship with the Bank as may make the Bank tilted towards his/her interests, as determined by the CBIRC, the CSRC, and the SZSE in accordance with the principle that essence is more important than form.

**III. MAIN CONTENTS AND PURPOSE OF RELATED PARTY TRANSACTIONS AND
THEIR IMPACT ON THE BANK**

The estimated ordinary related party transactions of the Bank are mainly credit and non-credit businesses within the normal business scope of the Bank, and the counterparties are quality customers and subsidiaries of the Bank. In accordance with the general business principles and market principles, the Bank conducts a fair review from the aspects of business pricing and guarantee methods, and conducts related party transactions on terms that are not superior to those of similar transactions of non-related parties. Specific transaction terms are established according to business nature, transaction amount and duration, relevant national policies and regulations and applicable industry practices. It is in line with the overall interests of the Bank and shareholders, and does not affect the independence of the Bank. The Bank's main business will not depend on the related parties for such transactions.

**PERFORMANCE REPORT OF THE INDEPENDENT NON-EXECUTIVE
DIRECTORS OF BANK OF QINGDAO CO., LTD. FOR 2021**

In 2021, the independent non-executive Directors of the Bank faithfully and diligently performed their duties in accordance with the Company Law, the Code of Corporate Governance for Banking and Insurance Institutions, the Rules Governing Listing of Shares on Shenzhen Stock Exchange, the Guidelines for the Standardized Operation of Listed Companies and other laws and regulations, as well as the relevant provisions of the Articles of Association of the Bank. They independently, objectively and fairly expressed their opinions on the matters considered by the Board of Directors and safeguarded the legal rights and interests of the Bank, minority Shareholders, and other stakeholders.

I. BASIC INFORMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

As of the end of 2021, the Bank had five independent non-executive Directors, namely Mr. Simon CHEUNG, Ms. FANG Qiaoling, Mr. Tingjie ZHANG, Mr. XING Lecheng, and Mr. ZHANG Xu. The basic information of independent non-executive Directors is as follows:

Mr. Simon CHEUNG, born in July 1970, holds a bachelor of arts degree in computer science from the University of Wisconsin – Madison. Mr. CHEUNG was appointed as an independent non-executive Director of the Bank in May 2017, and currently serves as the chairman of the Network Security and Information Technology Committee, and a member of the Remuneration Committee, Nomination Committee and Related Party Transactions Control Committee. Mr. CHEUNG has served as the chief technology officer of Ping An Puhui Enterprise Management Co. Ltd. since December 2019. He was a deputy general manager of China Ping An Technology Co., Ltd., the IT architectural planning director at SF Express (Group) Co., Ltd., the deputy general manager at Shenzhen Qianhai Webank Co., Ltd. and so on.

Ms. FANG Qiaoling, born in October 1975, holds a doctorate degree in management from Renmin University of China, and is a professor. Ms. FANG was appointed as an independent non-executive Director of the Bank in May 2018, and currently serves as the chairman of the Audit Committee and a member of the Nomination Committee, Related Party Transactions Control Committee, Risk Management and Consumer Rights Protection Committee. Ms. FANG has been working in the Management College of Ocean University of China since July 1999. Her current position is professor and doctoral supervisor. Ms. FANG is currently an independent non-executive director of Triangle Tyre Co., Ltd., an independent non-executive director of Chengdu LandTop Technology Co., Ltd., and an executive director of the Accounting Institute of Shandong Province.

Mr. Tingjie ZHANG, born in April 1971, holds a master's degree in business administration from the Richard Ivey School of Business at the University of Western Ontario, Canada. Mr. ZHANG was appointed as an independent non-executive Director of the Bank in February 2020, and currently serves as the chairman of the Nomination Committee, a member of the Strategy Committee, Remuneration Committee, Related Party Transactions Control Committee, and Audit Committee. Mr. ZHANG has been the managing director of Auster Capital Partners Limited since July 2020. Mr. ZHANG served as the chief representative of the Shanghai Representative Office of Rothschild China Holdings Co., Ltd. and the China co-director and managing director of the Shanghai branch of Rothschild Financial Consulting (Beijing) Co., Ltd.

Mr. XING Lecheng, born in November 1962, holds a doctorate degree in enterprise management from Nankai University and is a professor. Mr. XING was appointed as an independent non-executive Director of the Bank in July 2021, and currently serves as the chairman of the Related Party Transactions Control Committee, and a member of the Strategy Committee, Remuneration Committee, Audit Committee, Risk Management and Consumer Rights Protection Committee. Mr. XING has served as the director of the Investment and Financing Research Center of Jinan University and the director of the Shandong Provincial Institute of Inclusive Finance since December 2018. Mr. XING was formerly the chairman of Huasu Holdings Co., Ltd., dean of the School of Economics and the director of the Financial Research Institute of Jinan University, etc. Mr. XING is currently a member of the Shandong National People's Congress Standing Committee, an expert entitled to special government allowance from the State Council and is also a director of the China Investment Association and the vice-chairman of the Shandong Venture Capital Association.

Mr. ZHANG Xu, born in November 1969, holds a doctorate degree in western economics from the School of Economics and Management, Wuhan University, and is a professor. Mr. ZHANG was appointed as an independent non-executive Director of the Bank in July 2021, and currently serves as the chairman of the Remuneration Committee, and a member of the Strategy Committee, Nomination Committee, Related Party Transactions Control Committee, and Audit Committee. Mr. ZHANG has been teaching at Qingdao University since July 1993 and is currently a professor in the Department of Finance, School of Economics, Qingdao University. Mr. ZHANG is currently a member of the Standing Committee of the Qingdao Political Consultative Conference, the vice-chairman of the Qingdao Municipal Committee of the Jiu San Society, a director of the Development Economics Branch of the China Foreign Economic Theory Research Association, and the vice-chairman of the Qingdao Economic Academy.

CHEN Hua and DAI Shuping, the former independent non-executive Directors, have completed six years of service and have resigned in July 2021. They will not be included in this report.

II. PERFORMANCE OF DUTIES IN 2021

(I) Attendance

In 2021, the Board convened 5 general meetings, including 1 annual general meeting and 4 extraordinary general meetings, at which 34 resolutions were considered, and 3 reports were received; the Board convened 13 meetings, 4 of which were on-site meetings and 9 of which were voted via written communications, at which 60 resolutions were considered, and 58 reports were received or reviewed; the Board special committees organized 26 meetings, including 6 Audit Committee meetings, 2 Remuneration Committee meetings, 7 Related Party Transactions Control Committee meetings, 3 Risk Management and Consumer Rights Protection Committee meetings, 4 Strategy Committee meetings, 2 Network Security and Information Technology Committee meetings and 2 Nomination Committee meetings, at which 39 resolutions were considered, and 51 reports were received or reviewed.

During the year, the independent non-executive Directors participated in the general meetings, Board meetings and special committee meetings in person, reviewed various audit reports and rectification reports, related party lists, quarterly reports, quarterly internal audit reports and other regular reports on a quarterly basis, reviewed and received the president's work report, interim performance report, semi-annual financial analysis and risk reports on credit risk, compliance risk and operational risk on a semi-annual basis, reviewed and received the annual report, financial account report, profit distribution plan, business operation risk appetite strategy, bonus performance payment plan and risk reports on reputation risk, financial market risk and anti-money-laundering risk on an annual basis, and expressed opinions objectively and independently at the meetings to perform the duties of an independent Director. The specific attendance of the meeting was as follows:

Name	Actual attendance/Number of meetings requiring attendance								
	General meetings	Board meetings	Board special committee meetings						
Strategy Committee meetings			Remuneration Committee meetings	Nomination Committee meetings	Related Party Transactions Control Committee meetings	Audit Committee meetings	Risk Management and Consumer Rights Protection Committee meetings		
Simon CHEUNG	5/5	13/13	-	2/2	2/2	7/7	-	-	2/2
FANG Qiaoling	5/5	13/13	-	-	2/2	7/7	6/6	3/3	-
Tingjie ZHANG	5/5	13/13	4/4	2/2	2/2	7/7	6/6	-	-
XING Lecheng	1/1	8/8	1/1	-	-	4/4	3/3	2/2	-
ZHANG Xu	1/1	8/8	1/1	-	-	4/4	3/3	-	-
CHEN Hua (post left)	4/4	5/5	3/3	2/2	-	3/3	3/3	1/1	-
DAI Shuping (post left)	4/4	5/5	3/3	2/2	2/2	3/3	3/3	-	-

(II) Investigation

In 2021, in addition to attending the meetings of the Board of Directors and special committees, the independent non-executive Directors also conducted 4 special researches in the Bank through research forums and put forward relevant comments and suggestions. The specific researches were as follows:

1. *Special research on credit management*

In August 2021, the independent non-executive Directors conducted special research on the Bank's credit management to learn about the Bank's credit management mechanism, the basic situation of credit risk, and risk management measures. They suggested the management strengthen the management and control of credit risk, focus on the lagging credit risk of small, and medium-and micro-sized enterprises affected by the epidemic and related policies, and conduct research and judgment in advance; strengthen the unified credit management and business guidance to branches in the jurisdiction and increase the efforts to clear and dispose of non-performing loans in key areas; further strengthen the practical exploration in the direction of blue finance and green finance, and continuously improve the level of characteristic operation.

2. *Special research on internal audit*

In August 2021, the independent non-executive Directors conducted special research on the Bank's internal audit work to learn about the Bank's internal audit work management model, ideas, and work progress. They suggested the management continuously strengthen the construction of internal audit, continuously study and optimize the internal audit management model that meets its own management needs, further accelerate the digitalization, informatization and intelligence construction of internal audit, and build an intelligent audit platform.

3. *Special research on credit card business*

In September 2021, the independent non-executive Directors conducted special research on the Bank's credit card business to learn about the basic situation, strategic positioning, and next-stage goals of the Bank's credit card business. They suggested the Bank pay attention to the latest developments in consumer behavior habits and emerging consumer credit financial products in the internet era, and continuously evaluate and optimize its customer acquisition channels, product strategies, and risk control models; pay attention to policy risk, credit risk, customer fraud risk and reputation risk that are prone to occur in the credit card business to ensure high-quality business development; further strengthen the culture and brand building of credit card business, give full play to the local brand's influence of Bank of Qingdao, and build a credit card brand with Qingdao characteristics centering on local cultural characteristics and consumption scenarios.

4. *Special research on agriculture-benefiting financial business*

In September 2021, the independent non-executive Directors conducted special research on the Bank's agriculture-benefiting financial business to learn about the basic situation, the main working measures, team building, and mechanism guarantee of the Bank's agriculture-benefiting financial business. They suggested the Bank focus on the policy risk, moral risk, credit risk and reputation risk that are prone to occur in the development of agriculture-benefiting business, and establish and improve risk management and control measures and response plans; accelerate the construction of the agriculture-benefiting financial management information system to better support the development of agriculture-benefiting financial business through information technology; fully learn from the previous experience of financial peers in the rural financial market, take advantage of the latecomer advantage of Bank of Qingdao, and explore its own uniqueness and innovation.

(III) Training

In March 2021, the independent non-executive Directors attended the continuous supervision training organized by the sponsor CITIC Securities, focusing on the standardized operation of the Board of Directors, the Board of Supervisors and the general meeting of shareholders, the management of Directors, Supervisors and senior management, analysis of the new Securities Law and information disclosure matters.

In July 2021, the independent non-executive Directors attended the first follow-up training for independent directors of listed companies of the Shanghai Stock Exchange in 2021, focusing on the performance of independent directors and the regulation of information disclosure of listed companies, the new regulations on delisting and amendments to the Criminal Law.

In August 2021, the independent non-executive Directors attended the special training on corporate governance held by the Bank, focusing on the basic information of Bank of Qingdao, the regulatory environment of corporate governance, the governance practices of the Bank, and the critical points of the duty performance of Directors and Supervisors.

In December 2021, the independent non-executive Directors attended the training on interpretation of corporate governance regulatory policies held by the China Banking Association and thoroughly studied the new regulations promulgated by the CBIRC, namely the Code of Corporate Governance for Banking and Insurance Institutions and the Evaluation Measures for the Performance of Directors and Supervisors of Banking and Insurance Institutions (for Trial Implementation).

In December 2021, the independent non-executive Directors attended the training organized by the Bank on the performance of Directors and Supervisors and studied the interpretation materials of Beijing King & Wood Mallesons Law Firm on the "Evaluation Measures for the Performance of Directors and Supervisors of Banking and Insurance Institutions (for Trial Implementation)" to master the new regulations on the performance evaluation.

III. ISSUANCE OF INDEPENDENT OPINIONS

In 2021, the independent non-executive Directors focused on the lawfulness and fairness of major related party transactions, the profit distribution plan, and issued independent opinions pursuant to the Articles of Association of the Bank. The details are as follows:

1. On 24 February 2021, in terms of the proposals considered at the 41st meeting of the 7th session of the Board of Directors, the “Independent Opinion on the Related Party Transactions between Bank of Qingdao and Qingdao Haiyongshun Innovation Technology Co., Ltd.” and “Independent Opinion on Related Party Transactions between Bank of Qingdao and Haier Financial Factoring (Chongqing) Co., Ltd.” were issued.
2. On 26 February 2021, in terms of the proposals considered at the 42nd meeting of the 7th session of the Board of Directors, the “Independent Opinion on Issues Related to Rights Issue” was issued.
3. On 29 March 2021, in terms of the proposals considered at the 43rd meeting of the 7th session of the Board of Directors, the “Independent Opinion on the Estimated Amount of Ordinary Related Party Transactions for 2021” and the “Prior Approval Opinion on the Estimated Amount of Ordinary Related Party Transactions for 2021” were issued.
4. On 30 March 2021, in terms of the proposals considered at the 44th meeting of the 7th session of the Board of Directors, the “Independent Opinion on the 2020 Profit Distribution Plan”, “Independent Opinion on the Employment of External Audit Institutions and Their Remuneration”, “Independent Opinion on Senior Management Compensation”, “Independent Opinion on 2020 Internal Control Evaluation Report”, “Independent Opinion on External Guarantees and Funds Occupied by Related Parties”, “Independent Opinion on the Company’s Derivatives Investment and Risk Control”, “Independent Opinion on the List of Candidates for Directors of the Board of Directors” and “Prior Approval Opinion on the Employment of External Audit Institutions and Their Remuneration in 2021” were issued.
5. On 14 July 2021, in terms of the proposals considered at the 1st meeting of the 8th session of the Board of Directors, the “Independent Opinion on the Appointment of the Bank’s Senior Management” was issued.
6. On 6 August 2021, in terms of the proposals considered at the 2nd meeting of the 8th session of the Board of Directors, the “Independent Opinion on the Related Party Transactions between Bank of Qingdao and Qingdao Haiyun Chuangzhi Business Development Co., Ltd.”, “Independent Opinion on the Related Party Transactions between Bank of Qingdao and Qingdao Hainayun Intelligent System Co., Ltd.” and “Independent Opinion on the Related Party Transactions between Bank of Qingdao and Qingdao Wanlian Energy Technology Co., Ltd.” were issued.

7. On 30 August 2021, in terms of the proposals considered at the 4th meeting of the 8th session of the Board of Directors, the “Independent Opinion on External Guarantees and Funds Occupied by Related Parties” was issued.
8. On 18 October 2021, in terms of the proposals considered at the 6th meeting of the 8th session of the Board of Directors, the “Independent Opinion on the Related Party Transactions between Bank of Qingdao and Haier Financial Factoring (Chongqing) Co., Ltd.” was issued.

IV. OTHERS

In 2021, the independent non-executive Directors have neither proposed to hold an extraordinary general meeting nor to convene a Board meeting, appoint or dismiss the accounting firm, or engage an external auditor and consulting institution independently.

In 2022, independent non-executive Directors of the Bank will continue to earnestly participate in the meetings of the Board of Directors and special committees in accordance with requirements of domestic and foreign laws and regulations, express opinions independently and objectively, and perform their duties faithfully and diligently, actively carry out special investigations, enrich their performance methods, bring their professional and independent nature into blossom, provide advice and suggestions for the Bank’s business development, promote the Bank to achieve sustainable and high-quality development, and earnestly safeguard the legal rights and interests of the Bank and Shareholders, especially minority Shareholders.

Independent non-executive Directors of Bank of Qingdao Co., Ltd.
**Simon CHEUNG, FANG Qiaoling, Tingjie ZHANG, XING Lecheng,
ZHANG Xu**

NOTICE OF 2021 ANNUAL GENERAL MEETING

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BQD  **青岛银行**

Bank of Qingdao Co., Ltd.*

青島銀行股份有限公司*

(A joint stock company incorporated in the People's Republic of China with limited liability)

(H shares stock code: 3866)

(Preference shares stock code: 4611)

NOTICE OF 2021 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2021 annual general meeting (the “**2021 AGM**”) of Bank of Qingdao Co., Ltd. (the “**Bank**”) will be held at No. 6 Qinling Road, Laoshan District, Qingdao, Shandong Province, the People’s Republic of China (the “**PRC**”), at 9:00 a.m. on Tuesday, 10 May 2022 for the purposes of considering and, if thought fit, passing the following resolutions:

ORDINARY RESOLUTIONS

1. to consider and approve the work report of the board of directors of Bank of Qingdao Co., Ltd. for 2021
2. to consider and approve the work report of the board of supervisors of Bank of Qingdao Co., Ltd. for 2021
3. to consider and approve the final financial accounts of Bank of Qingdao Co., Ltd. for 2021
4. to consider and approve the profit distribution plan of Bank of Qingdao Co., Ltd. for 2021
5. to consider and approve the resolution on the engagement of external auditors of Bank of Qingdao Co., Ltd. for 2022 and their remuneration
6. to consider and approve the special report on related party transactions of Bank of Qingdao Co., Ltd. for 2021
7. to consider and approve the resolution on the estimated amount of the ordinary related party transactions of Bank of Qingdao Co., Ltd. for 2022

SPECIAL RESOLUTION

8. to consider and approve the resolution on the general mandate for the issue of shares by Bank of Qingdao Co., Ltd.

NOTICE OF 2021 ANNUAL GENERAL MEETING

MATTERS TO BE REPORTED

1. Evaluation Report on the Performance of Duties by the Board of Directors and Directors of Bank of Qingdao Co., Ltd. for 2021
2. Evaluation Report on the Performance of Duties by the Supervisors of Bank of Qingdao Co., Ltd. for 2021
3. Performance Report of the Independent Non-executive Directors of Bank of Qingdao Co., Ltd. for 2021

The Bank will despatch the circular of the 2021 AGM to shareholders on or before 19 April 2022.

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

Qingdao, Shandong Province, the PRC
1 April 2022

As at the date of this notice, the board of directors of the Bank comprises Mr. Guo Shaoquan, Mr. Wang Lin, Mr. Liu Peng and Ms. Lu Lan as executive directors; Mr. Zhou Yunjie, Mr. Rosario Strano, Ms. Tan Lixia, Mr. Marco Mussita, Mr. Deng Youcheng and Mr. Choi Chi Kin, Calvin as non-executive directors; Mr. Simon Cheung, Ms. Fang Qiaoling, Mr. Tingjie Zhang, Mr. Xing Lecheng and Mr. Zhang Xu as independent non-executive directors.

* *Bank of Qingdao Co., Ltd. is not an authorized institution within the meaning of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorized to carry out banking and/or deposit-taking business in Hong Kong.*

Notes:

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

NOTICE OF 2021 ANNUAL GENERAL MEETING

2. Closure of register of members and eligibility for attending and voting at the 2021 AGM

H shareholders of the Bank are advised that the share register will be closed from Wednesday, 4 May 2022 to Tuesday, 10 May 2022 (both days inclusive). To be eligible for attending and voting at the 2021 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 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Tuesday, 3 May 2022. Shareholders whose names appear on the register of members of the Bank at the close of business on Wednesday, 4 May 2022 are entitled to attend and vote at the 2021 AGM. Pursuant to the requirement of the Articles of Association of the Bank, where a shareholder pledges 50% or more of his/her equity interests in the Bank, the voting rights of such shareholder at the 2021 AGM shall be subject to restrictions.

3. Arrangement on dividend distribution

The board of directors of the Bank has recommended the distribution of a final cash dividend of RMB1.60 (inclusive of tax) per ten shares for the year ended 31 December 2021. Subject to approval of the proposal at the 2021 AGM, the dividend will be paid to A shareholders and H shareholders whose names appear on the register of members of the Bank at the close of business on the respective record dates. The proposed dividends payable are denominated in Renminbi, and will be paid to A shareholders in Renminbi and H shareholders 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 of the interbank foreign exchange market as announced by the People's Bank of China for the five working days preceding the date of declaration of the dividend at the 2021 AGM (including the day the 2021 AGM will be held).

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

The H share register of the Bank will be closed from Saturday, 14 May 2022 to Wednesday, 18 May 2022 (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 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Friday, 13 May 2022. Shareholders whose names appear on the register of members of the Bank on Wednesday, 18 May 2022 are entitled to the final dividend distribution.

5. Proxy

Any shareholder entitled to attend and vote at the 2021 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 2021 AGM. As far as all joint shareholders of any shares are concerned, only the joint shareholder whose name appears first in the register of members has the right to receive the share certificate of the relevant shares from the Bank, to receive notices of the Bank and any notice served on such a shareholder shall be treated as having been served on all the other joint shareholders of those shares. In the case of joint shareholders, any one shareholder may sign the proxy form(s). 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 register of members in respect of the joint shareholding.

The appointment of a proxy must be in writing with a form under the hand of the appointer or his/her attorney duly authorised in writing. For a corporate appointer, the proxy form must be affixed with the common seal or signed by its director or attorney duly authorised in writing. To be valid, the instrument appointing a proxy together with the power of attorney or other authorisation document (if any) or a notarially certified copy of that power of attorney or other authorisation document must be completed and returned to the Bank's H share registrar (for H shareholder(s)) or the Bank's PRC registered office and principal place of business (for A shareholder(s)) not less than 24 hours before the designated time for the convening of the 2021 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 2021 AGM or at any adjournment if he/she so wishes.

NOTICE OF 2021 ANNUAL GENERAL MEETING

6. Others

(1) The 2021 AGM is estimated to last no longer than a working day. Shareholders who attend the meeting in person or by proxy shall bear their own traveling and accommodation expenses.

(2) Address of Computershare Hong Kong Investor Services Limited:

17M Floor, Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong
Tel: (852) 2862 8555
Fax: (852) 2865 0990

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

No. 6 Qinling Road
Laoshan District
Qingdao
Shandong Province
the PRC
Tel: +86 40066 96588 ext. 6
Fax: +86 (532) 8578 3866