**Code of A shares: 601166 Abbreviation of A Shares: Industrial Bank Code: TEMP 2017-22**

**Code of Preferred Stock: 360005, 360012 Abbreviation of Preferred Stock: Industrial Preferred 1, Industrial Preferred 2**

Industrial Bank Co., Ltd.

Announcement on Related Transaction with

Xiamen International Bank Co., Ltd.

The board of Directors of the Company and all directors guarantee there’s no false account, misleading statement or material omissions of the announcement, and will be jointly and severally be responsible for the truthfulness, accuracy and integrity of the announcement.

**Prompt of Important Content:**

**(I) Transaction Content:**

On August 29, 2017, the 4th Meeting of the 9th Board of Directors of the Company reviewed and passed the Proposal on Offer of Related Transaction Quota to Xiamen International Bank Co., Ltd., agreed to give Xiamen International Bank Co., Ltd. (hereinafter called as "Xiamen International Bank") RMB 12 billion of credit related translation quota and RMB 4.9 billion of non-credit related translation quota; the term of validity is 2 years.

**(II) Voting Challenge:** this transaction is a related transaction, and no related director should avoid the voting.

**(III) Influence of Related Transaction:** the said related transactions are reasonable transactions during daily business operation of the Company and have no significant influence on operation activities and financial conditions of the Company as well as the independence of the Company.

**I. Overview of Related Transaction**

The 4th Meeting of the 9th Board of Directors of the Company reviewed and passed the Proposal on Offer of Related Transaction Quota to Xiamen International Bank Co., Ltd., in which the company agreed to grant RMB 12 billion of credit related transaction quota used for interbank borrowing in local or foreign currency, institutional deposit, discount and transfer discount on notes, agency issuance of bank acceptance drafts, agency issuance of letter of credit, guarantee, payment for other bank, financial bond taking the applicant as the issuing body, secondary capital bond investment, bond repurchase, buy-in and resell of financial assets, investment in principal-guaranteed wealth management products taking the applicant as the issuing body, capital transaction business, etc; RMB 4.9 billion of non-credit related transaction quota. Wherein: the annual amount of principal accrued in capital transactions is not more than RMB 3.68 billion, the annual amount of principal accrued in principal-guaranteed wealth management products sold is not more than RMB 510 million, the annual amount of principal accrued in credit asset transfer is not more than RMB 600 million, the annual income and expenditure accrued in asset custody, agency sales business, sales of non-principal-guaranteed wealth management products, bond underwriting is not more than RMB 110 million. The term of validity is 2 years.

The related transaction quota granted to Xiamen International Bank this time is not more than 5% of the absolute value of the audited net assets of the company in the nearest period, so the quota only has to be audited by the Board of Directors, reviewed by the Related Transaction Control Committee and approved by the Board of Directors without the need to be deliberated by the general meeting.

**II. Introduction of Related Parties**

(I) Basic Information of Related Parties

Incorporated on August 31, 1985 and headquartered in Xiamen, Xiamen International Bank Co., Ltd. is the first sino-foreign joint-venture bank in China, and was transformed from a limited liability company to a company limited by shares, and from a sino-foreign joint-venture bank to a Chinese-funded commercial bank in 2013. The legal representative of the company is Weng Ruotong, the registered capital is RMB 8.386 billion, the place of registration is Xiamen. As at December 31, 2016, the total asset of Xiamen International Bank was RMB 563.527 billion, the owner’s equity was RMB 39.99 billion; from January to December of 2016, the business income was RMB 10.464 billion, the net profit was RMB 4.226 billion.

(II) Related Relationship with Listed Companies

The supervisor of our company, Peng Jinguang, is concurrently acting as the director of Xiamen International Bank. According to the relevant provisions in the Guideline for Implementation of Related Transactions of Listed Companies of Shanghai Stock Exchange, and the Administrative Measures of Industrial Bank on Related Transactions (revised in December 2016), Xiamen International Bank is the related party of our company.

**III. Main Content and Pricing Policy of Related Transaction**

(I) Main Content of Related Transaction

Grant RMB 12 billion of credit related transaction quota used for interbank borrowing in local or foreign currency, institutional deposit, discount and transfer discount on notes, agency issuance of bank acceptance drafts, agency issuance of letter of credit, guarantee, payment for other bank, financial bond taking the applicant as the issuing body, secondary capital bond investment, bond repurchase, buy-in and resell of financial assets, investment in principal-guaranteed wealth management products taking the applicant as the issuing body, capital transaction business, etc; RMB 4.9 billion of non-credit related transaction quota. Wherein: the annual amount of principal accrued in capital transactions is not more than RMB 3.68 billion, the annual amount of principal accrued in principal-guaranteed wealth management products sold is not more than RMB 510 million, the annual amount of principal accrued in credit asset transfer is not more than RMB 600 million, the annual income and expenditure accrued in asset custody, agency sales business, sales of non-principal-guaranteed wealth management products, bond underwriting is not more than RMB 110 million. The term of validity is 2 years.

(II) Pricing Policy

For related transactions between the Company and Xiamen International Bank, non-related transaction price of an independent third party will be referenced for the pricing of such transactions. In case of credit related transactions, if related credit conditions are not better than conditions for the same credit of other credit receivers, non-related transaction price of an independent third party will be referenced for related transaction price and settlement method is the same with that of non-related transaction of an independent third party; non-credit related transaction belongs to reasonable transaction during daily business operation of the Company, and for such transactions, general business rules will be followed, and conditions not more favorable than those of similar transactions of non-related parties will be adopted.

**IV. Goal of Related Transaction and Influence of This Related Transaction on Listed Company**

Relevant businesses conducted by the Company and Xiamen International Bank will facilitate continuous promotion of cooperation between both parties. With regard to the said related transactions, the Company will conclude based on general business rules or terms not more favorable than those applicable to independent third parties during the daily business operation; transaction conditions will be fair and reasonable, in the interest of the Company and all shareholders, subject to relevant regulations requirements of the regulatory department and internal policies of the Company and without prejudice to interests of the Company and minority shareholders, and will not have negative influence on current and future financial conditions of the Company and independence of the Company.

**V. Opinion of Independent Directors**

Independent directors Mr. Paul M. Theil, Mr. Zhu Qing, Mr. Liu Shiping, Mr. Su Xijia and Mr. Lin Hua, expressed the following independent opinions with regard to such related transactions:

1. Procedure. The issue that the company grants related transaction quota to Xiamen International Bank has gone through corresponding review and approval procedure. The deliberation of the above-mentioned related transaction proposal by the Board of Directors complies with the requirements of China Banking Regulatory Commission, China Securities Regulatory Commission, Shanghai Stock Exchange and other regulatory departments, as well as other regulations in the Articles of Association of Industrial Bank Co., Ltd. and the Administrative Measures of Industrial Bank on Related Transactions.

2. Fairness. The said related transactions belong to reasonable transactions during the daily business operation of the Company, and for such transactions, general business rules will be followed, and conditions not more favorable than those for similar transactions of non-related parties will be adopted; transaction conditions are fair and reasonable; and such transactions are subject to relevant regulations requirements of the regulatory department and internal policies of the Company and without prejudice to interests of the Company and shareholders (especially minority shareholders), and will not have negative influence on current and future financial conditions of the Company and independence of the listed company.

**VI. Contents of Reference Documents**

1. Resolution of Audit & Related Transaction Control Committee of Board of Directors;

2. Resolution of Board of Directors;

3. Prior approval signed and confirmed by independent directors;

4. Independent Opinion signed and confirmed by independent directors.

Hereby Announced.

Board of Directors of Industrial Bank Co., Ltd.

August 30, 2017