**Code of A shares: 601166 Abbreviation of A Shares: Industrial Bank Code: TEMP 2021-005**

**Code of Preferred Stock: 360005, 360012, 360032 Abbreviation of Preferred Stock: Industrial Preferred 1, Industrial Preferred 2, Industrial Preferred 3**

Industrial Bank Co., Ltd.

Announcement on 2020 Profit Distribution Plan

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 responsible for the truthfulness, accuracy and integrity of the announcement.

Prompt of Important Content:

⚫ Distribution proportion of each share: RMB 0.802 cash bonus per share (tax included).

⚫ This profit distribution is based on the total common stock of the Company registered on the date of registration of equity distribution. The specific date of equity registration will be specified in the implementation announcement of equity allocation.

⚫ Comprehensively consider the requirements of regulatory agencies for capital adequacy ratio and the sustainable development of the Company’s business, etc., the cash dividend of RMB 16.661 billion is planned to be distributed this year, accounting for 25.01% of the net profit attributable to shareholders of the parent company and 26.00% of the net profit attributable to ordinary shareholders of the parent company in the consolidated statement.

**I. Profit distribution plan**

Audited by KPMG (Special General Partnership), and according to the parent company’s net profit in the financial statements prepared in accordance with Chinese Accounting Standards, the net profit of Industrial Bank Co., Ltd. (hereinafter referred to as the “Company”) in 2020 is RMB 60.856 billion. As reviewed and approved by its 27th Meeting of the 9th Board of Directors, the Company plans to distribute profits based on the total share capital of common stock registered on the date of registration of equity distribution in 2020. The specific profit distribution plan is as follows:

(I) Withdrawal of legal surplus. According to the provisions of the *Company Law of the People*’*s Republic of China*, the Company’s legal surplus has reached 50% of the registered capital by the end of 2020 and will not be withdrawn.

(II) General preparation for withdrawal. According to the provisions of the *Administrative Measures of Reserve Provision of Financial Enterprises* of the Ministry of Finance, the general provision withdrawal is RMB 8.553 billion.

(III) Payable dividend of preferred stock. The Company issued three phases of RMB preferred stock in a non-public way, totaling RMB 56 billion, and the dividend payable for preferred stock in 2020 was RMB 2.841 billion.

(IV) Distribute common stock dividends and plan to pay cash dividends of RMB 16.661 billion.

According to the relevant provisions of the Company’s Articles of Association on profit distribution, and comprehensively considering the regulatory agency’s requirements for capital adequacy ratio and the sustainable development of the Company’s business and other factors, it is planned to pay cash dividend of RMB 8.02 per 10 shares (tax included) to ordinary shareholders registered on the equity registration date based on its total share capital of common stock of 20,774,190,751, with a total cash dividend to distribute of RMB 16.661 billion.

After the implementation of the above distribution plan, the retained undistributed profits will be transferred to the next year for the Company to supplement core Tier 1 capital.

**II. Explanation of the reason why the cash dividend ratio for this year is less than 30%**

During the reporting period, the net profit attributable to shareholders of the parent company in the consolidated statements was RMB 66.626 billion, and the total cash dividends to be distributed by the Company was RMB 16.661 billion, accounting for 25.01% of the net profit attributable to shareholders of the parent company and 26.00% of the net profit attributable to ordinary shareholders of the parent company in the consolidated statements for the year, whose mainly considerations are as follows:

(I) The influence of external operating environment on the endogenous capital accumulation of commercial banks. Confronted with complex situations such as the impact of the epidemic, commercial banks are facing increasing challenges such as the slowdown in profit growth due to policy factors like cross-cyclical coordination arrangements.

(II) Increased capital regulatory requirements. Basel III Accord continuously strengthens the capital supervision requirements of commercial banks. In December 2020, the People’s Bank of China and CBIRC jointly issued the *Measures for Systemically Important Banks Assessment*, which further improved the regulatory requirements for capital adequacy ratio indicators of commercial banks.

(III) Guarantee of the Company’s long-term healthy and stable development. The long-term stable growth of the Chinese economy requires the banking industry to continue to provide incremental financing services. At the same time, the Company accelerates the promotion of the “commercial bank + investment bank” business layout, vigorously develops green finance, and supports the development of the real economy. Sufficient capital is required to support the implementation of the development strategy.

In summary, the Company’s cash dividend plan has comprehensively considered the requirements of regulatory agencies for capital adequacy ratio as well as the balance between shareholders’ return on investment and sustainable business development, thus maintaining the continuity and stability of the dividend policy. The retained undistributed profits will be used by the Company to strengthen its capital accumulation, support its long-term sustainable development, and further enhance long-term shareholder returns.

**III. Decision-making procedures performed by the Company**

(I) Holding, review and voting of the meeting of Board of Directors

The 27th Meeting of the 9th Board of Directors of the Company held on March 30, 2021 reviewed and approved the *2020 Profit Distribution Proposal*, which all the directors agreed to submit the 2020 Profit Distribution Proposal to the Company’s 2020 annual general meeting of shareholders for review.

(II) Opinions of Independent Directors

All independent directors of the Company believe that: the Company’s 2020 Profit Distribution Proposal strictly abides by the *Company Law of the People*’*s Republic of China*, *Accounting Standards for Business Enterprises*, *Financial Rules for Financial Enterprises*, *Notice on Issues Concerning the Withdrawal of Bad Debts* (Cai Jin (2005) No. 90), CSRC’s *Notification on Further Executing Matters Related with Cash Dividends of* *Listed Companies* and the Articles of Association of the Company and other relevant provisions with legal order of distribution. On the premise of meeting the requirements of the regulatory authorities on the capital adequacy ratio of commercial banks, the dividend distribution policy fully takes into account the demands of various investors and the demands of the Company’s sustainable development. They agree to submit the 2020 Profit Distribution Proposal to the Company’s 2020 annual general meeting of shareholders for review.

(III) Opinions of the Board of Supervisors

The 22th Meeting of the 7th Board of Supervisors of the Company held on March 29, 2021 reviewed and approved *2020 Profit Distribution Proposal* and the Board of Supervisors believes that the *2020 Profit Distribution Proposal* and the decision-making procedures thereof are in line with the profit distribution policy laid down by the Company’s Articles of Association and *Medium-term Shareholder Return Plan (2018-2020)* of the Company.

**IV. Relevant Risk Warning**

The 2020 Profit Distribution Proposal will not be implemented until it is reviewed and approved by the Company’s 2020 annual general meeting of shareholders.

Hereby Announced.

Board of Directors of Industrial Bank Co., Ltd.

 March 30, 2021