**Announcement Code: TEMP 2022-019**

**Code of A Share: 601166 Abbreviation of A Share: Industrial Bank**

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

**Code of Convertible Bonds:113052 Abbreviation of Convertible Bonds: Industrial Convertible Bonds**

Industrial Bank Co., Ltd.

Announcement of Profit Distribution Proposal for the Year 2021

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.

 Highlights:

* A cash dividend of RMB1.035 (tax inclusive) per share is proposed for the year 2021 after taking into account the requirements of the regulators on capital adequacy of commercial banks, the demands of the general investors and the needs of the Company's sustainable business development, and in accordance with the stable, continuous and predictable dividend policy determined by the Company.
* The profit distribution is based on the aggregate of ordinary shares registered on the registration date for implementing equity distribution, and the specific equity registration date will be specified in the announcement on the implementation of equity distribution.
* The 2021 Profit Distribution Proposal is still pending the approval of the 2021 Annual General Meeting.
1. **Profit Distribution Proposal**

 Audited by Klynveld Peat Marwick Goerdeler (LLP), in 2021, the Parent Company achieved net profit of RMB 75.781 billion or RMB 82.68 billion net profit attributable to shareholders after consolidation according to the Chinese Accounting Standards. According to the 5th Meeting of the Tenth Board of Directors, the profit distribution is based on the net profit of the Parent Company and paid out to common shareholders registered on the registration date for implementing equity distribution. The Profit Distribution Proposal is as follows:

1. Withdrawal of statutory surplus reserve. In accordance with *the Company Law of the People's Republic of China*, the Company's statutory surplus reserve will not be withdrawn since it has already reached 50% of the registered capital at the end of 2021.

2. Withdrawal of general reserve. In accordance with the *Measures for the Withdrawal of Reserves for Financial Enterprises* released by the Ministry of Finance, general reserve of RMB7.794 billion were withdrawn.

3. Payout of preferred stock dividends. The Company has issued three tranches of RMB non-public RMB-denominated shares, totaling RMB 56 billion, and the dividends payable on the preferred shares in 2021 amount to RMB 2.793 billion.

4. Payout of common stock dividends, with the total amount expected to reach RMB 21.501 billion.

It is proposed to distribute a cash dividend of RMB10.35 (tax inclusive) per 10 shares to the ordinary shareholders registered on the date of equity distribution registration, in accordance with the relevant provisions of the Company's Articles of Association on profit distribution policy, and taking into account the requirements of the regulators on the capital adequacy ratio of commercial banks, the demands of investors and the needs of the Company's sustainable business development. On the basis of the total ordinary share capital of 20,774,190,751 shares as of the end of 2021, RMB21.501 billion shall be paid out.

After the execution of the above distribution proposal, the retained undistributed earnings will be carried forward to the next year and used to replenish the Company's core tier 1 capital.

**II. Explanations for a less-than-30% cash dividend payout ratio**

During the reporting period, the net profit attributable to the shareholders of the Parent Company amounted to RMB 82.68 billion after consolidation, of which RMB78.42 billion were allocated to the ordinary shareholders of the Parent Company. On the basis of 20,774,190,751 common shares as of the end of 2021, cash dividends of RMB21.501 billion will be paid, accounting for 26.01% and 27.42% of the net profit attributable to shareholders and ordinary shareholders of the Parent Company respectively. The main reasons for setting such ratios are as follow:

1. The endogenous capital accumulation of commercial banks is strained by the business environment. Facing the impact of the pandemic, compounded by ever-greater complexity and uncertainty in market, it is crucial for commercial banks to increase endogenous capital to cope with various risks and challenges.

2. Tighter capital requirements. Commercial banks are facing intensified requirements on capital, as shown by the introduction of a variety of regulations, such as *the Measures for Assessment of Systemically Important Banks and Additional Regulations for Systemically Important Banks (Trial)* jointly issued by the People's Bank of China (PBOC) and the CBIRC, as well as external policies such as the Basel III.

3. Guided by the decisions made by the Central Committee of the CPC and the principle set by the Central Economic Work Conference, the Company, in its pursuit of stable growth, has continued to increase credit access and enhance the quality and efficiency of services offered to the real economy. The Company's dividend proposal has taken into account the above-mentioned requirements on business development and capital needed to support the implementation of the Company's development strategy.

4. Fully consider the needs of investors. With strong communication with investors, the Company has fully considered and balanced the needs of different investors when formulating the Profit Distribution Proposal.

Considering the above-mentioned internal and external factors, the Company's dividend policy has maintained consistency and stability, and the cash dividend payout ratio has also seen steady growth over the years, striking a good balance between protecting the interests of the shareholders and driving sustainable development.

**III. Decision procedure**

1. The convention, review and resolution of Board meetings

The 5th Meeting of the Tenth Board of Directors was held on March 24, 2022, which approved the 2021 Profit Distribution Proposal and agreed to submit the above Proposal to the 2021 Annual General Meeting for review.

1. Opinions of the Independent Directors

All Independent Directors of the Company are of the opinion that: the Company's 2021 Profit Distribution Proposal strictly complies with *the Company Law of the People's Republic of China*, *the Measures for the Withdrawal of Reserves of Financial Enterprises* (Cai Jin [2012] No. 20), *the Supervisory Guideline No. 3 for Listed Companies—Cash Dividends for Listed Companies* released by China Securities Regulatory Commission, and *Self-regulatory Guidelines for Listed Companies No. 1—Standardized Operation* published by Shanghai Stock Exchange. They also hold the view that the order of distribution is law-abiding, and the dividend distribution policy has fully considered the expectations of investors of all types and the need for sustainable business growth, while meeting the capital adequacy requirements of regulators for commercial banks. The Independent Directors agree to submit the 2021 Profit Distribution Proposal to the 2021 Annual General Meeting for consideration.

1. Opinion of the Board of Supervisors

The Company convened the 5th meeting of the Eighth Board of Supervisors on March 23, 2022, which reviewed and approved the 2021 Profit Distribution Proposal. The Board of Supervisors consider that the 2021 Profit Distribution Proposal and its decision-making procedures are in compliance with the profit distribution policy stipulated in the Company's Articles of Association and *the Medium-term Shareholder Return Plan (2021-2023).*

**IV. Risk Warning**

The 2021 Profit Distribution Proposal is still pending the approval of the 2021 Annual General Meeting.

It is hereby announced.

Board of Directors of Industrial Bank

March 24, 2022