**Announcement Code: TEMP 2023-014**

**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 2022

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.

Important Notice:

* A cash dividend of RMB1.188 (tax inclusive) per common share is proposed for the year 2022 after considering the external business environment, capital regulatory requirements and the needs of the Company's sustainable business development.
* The profit distribution is based on the aggregate of ordinary shares registered on the record date for implementing equity distribution, and the specific date of record will be specified in the announcement on the implementation of equity distribution.
* If there is a change in the total share capital of the Company prior to the date of registration of the implementation of the equity distribution, it is proposed to maintain the same amount of dividends per share and adjust the total amount of dividends distributed accordingly and disclose it in the announcement of the implementation of the equity distribution.
* The 2022 Profit Distribution Proposal is still pending the approval of the 2022 Annual General Meeting.
1. **Profit Distribution Proposal**

Audited by KPMG Huazhen LLP, in 2022, Industrial Bank Co., Ltd. (hereinafter referred to as the Company) achieved net profit of RMB 91.377 billion attributable to shareholders of the Parent Company and the net profit at the level of the parent company's corporate entities reached RMB86.057 billion after consolidation, in accordance with the Chinese Accounting Standards. As considered and approved by the 15th Meeting of the Tenth Board of Directors, the Company intends to distribute profits for 2022 to the ordinary shareholders registered on the record 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 2022.

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 RMB8.776 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 2022 amount to RMB 2.793 billion.

4. Payout of common stock dividends. It is proposed to distribute a cash dividend of RMB11.88 (tax inclusive) per 10 shares to the ordinary shareholders registered on the record date of equity distribution registration, in accordance with the relevant provisions of the Company's *Articles of Association* on profit distribution policy, regulations on the capital adequacy ratio of commercial banks, the demands of investors and the needs of the Company's sustainable business development. Based on the total ordinary share capital of 20,774,252,928 shares as of December 31, 2022, RMB24.680 billion shall be paid out.

Given that the convertible bonds issued by the Company are still in the conversion period, if there is any change in the total common share capital of the Company prior to the record date of the implementation of the equity distribution, it is proposed to maintain the same amount of dividends per share and adjust the total amount of dividends distributed accordingly, which will be disclosed in the announcement of the implementation of the equity distribution.

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 RMB91.377 billion after consolidation, of which RMB87.165 billion were allocated to the ordinary shareholders of the Parent Company. Based on 20,774,252,928 common shares as of December 31, 2022, cash dividends of RMB24.680 billion will be paid out, accounting for 27.01% and 28.31% respectively of the net profit attributable to shareholders and ordinary shareholders of the Parent Company after consolidation. 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 weak economic recovery globally, compounded by ever-greater complexity and uncertainty in market, it is crucial for commercial banks to increase endogenous capital and improve risk management capability to cope with various risks and challenges.

2. Tighter capital requirements. Commercial banks are facing intensified requirements on capital, as shown by 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 other new regulations on commercial banks’ capital management.

3. Serve the development of the real economy. Following the decision and deployment of the CPC Central Committee and the guidance of the Central Economic Work Conference, commercial banks are expected to seek stable business growth and maintain reasonable loan scale with sufficient capital reserves to enhance the quality and efficiency of serving the real economy.

Considering the above-mentioned internal and external factors, the Company's dividend policy stays true to 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 15th Meeting of the Tenth Board of Directors was held on March 30, 2023, which approved the 2022 Profit Distribution Proposal and agreed to submit the above Proposal to the 2022 Annual General Meeting for review.

2. Opinions of the Independent Directors

All Independent Directors of the Company are of the opinion that: the Company's 2022 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 Guideline No.1 for Listed Companies—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 2022 Profit Distribution Proposal to the 2022 Annual General Meeting for consideration.

3. Opinion of the Board of Supervisors

The Company convened the 12th meeting of the Eighth Board of Supervisors on March 29, 2023, which reviewed and approved the 2022 Profit Distribution Proposal. The Board of Supervisors consider that the 2022 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 2022 Profit Distribution Proposal is still pending the approval of the 2022 Annual General Meeting.

It is hereby announced.

Board of Directors of Industrial Bank

March 30, 2023