

Announcement Code: TEMP 2024-008

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 2023

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 RMB1.04 (tax inclusive) per common share is proposed for the year 2023 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 2023 Profit Distribution Proposal is still pending the approval of the 2023 Annual General Meeting.

I. Profit Distribution Proposal

Audited by KPMG Huazhen LLP, in 2023, Industrial Bank Co., Ltd. (hereinafter

referred to as the Company) achieved net profit of RMB77.116 billion attributable to shareholders of the Parent Company and the net profit at the level of the parent company's corporate entities reached RMB71.545 billion after consolidation, in accordance with the Chinese Accounting Standards. As considered and approved by the 22nd Meeting of the Tenth Board of Directors, the Company intends to distribute profits for 2023 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 2023.
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 RMB10.571 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 2023 amount to RMB 2.793 billion.
4. Payout of common stock dividends. It is proposed to distribute a cash dividend of RMB10.40 (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 20,774,291,878 shares as of December 31, 2023, RMB21.605 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 RMB77.116 billion after consolidation, of which RMB72.904 billion were allocated to the ordinary shareholders of the Parent Company. Based on 20,774,291,878 common shares as of December 31, 2023, cash dividends of RMB21.605 billion will be paid out, accounting for 28.02% and 29.64% 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 external business environment. Given China's ongoing economic recovery and the persistently complex and challenging external operating environment for commercial banks, it is imperative for them to bolster their internal capital reserves and fortify their resilience against risks. This proactive approach will enable commercial banks to effectively navigate the diverse array of risks they face.

2. Tighter capital requirements. The issuance of the *Measures for the Assessment of Systemically Important Banks* and *Additional Supervisory Provisions for Systemically Important Banks* (for Trial Implementation) by the People's Bank of China (PBOC) and the former China Banking and Insurance Regulatory Commission (CBIRC), along with the *Measures for the Administration of Capital of Commercial Banks* released by the State Administration of Financial Supervision and Administration (SAFSA) in 2023, signifies a heightened standardization in the regulatory landscape. These measures establish more stringent criteria for evaluating the risk management capabilities and capital adequacy levels of commercial banks.

3. To develop the Company's business: The Company is currently undergoing a strategic transformation and development phase, necessitating careful consideration of capital requirements to support these initiatives. There is a pressing need to augment credit investments, improve the quality and efficiency of service provisions to various entities, and facilitate the Company's pursuit of high-quality development. These measures are aimed at generating greater value for shareholders.

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 22nd Meeting of the Tenth Board of Directors was held on March 28, 2024, which approved the 2023 Profit Distribution Proposal and agreed to submit the above Proposal to the 2023 Annual General Meeting for review.

2. Opinion of the Board of Supervisors

The Company convened the 18th meeting of the Eighth Board of Supervisors on March 27, 2024, which reviewed and approved the 2023 Profit Distribution Proposal. The Board of Supervisors consider that the 2023 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 2023 Profit Distribution Proposal is still pending the approval of the 2023 Annual General Meeting.

It is hereby announced.

Board of Directors of Industrial Bank

March 28, 2024