



中国农业银行

AGRICULTURAL BANK OF CHINA



2017 Annual Results Presentation

Hong Kong / Beijing

IFRS

March, 2018



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Financial Performance



Business Development



Future Outlook

Performance Summary



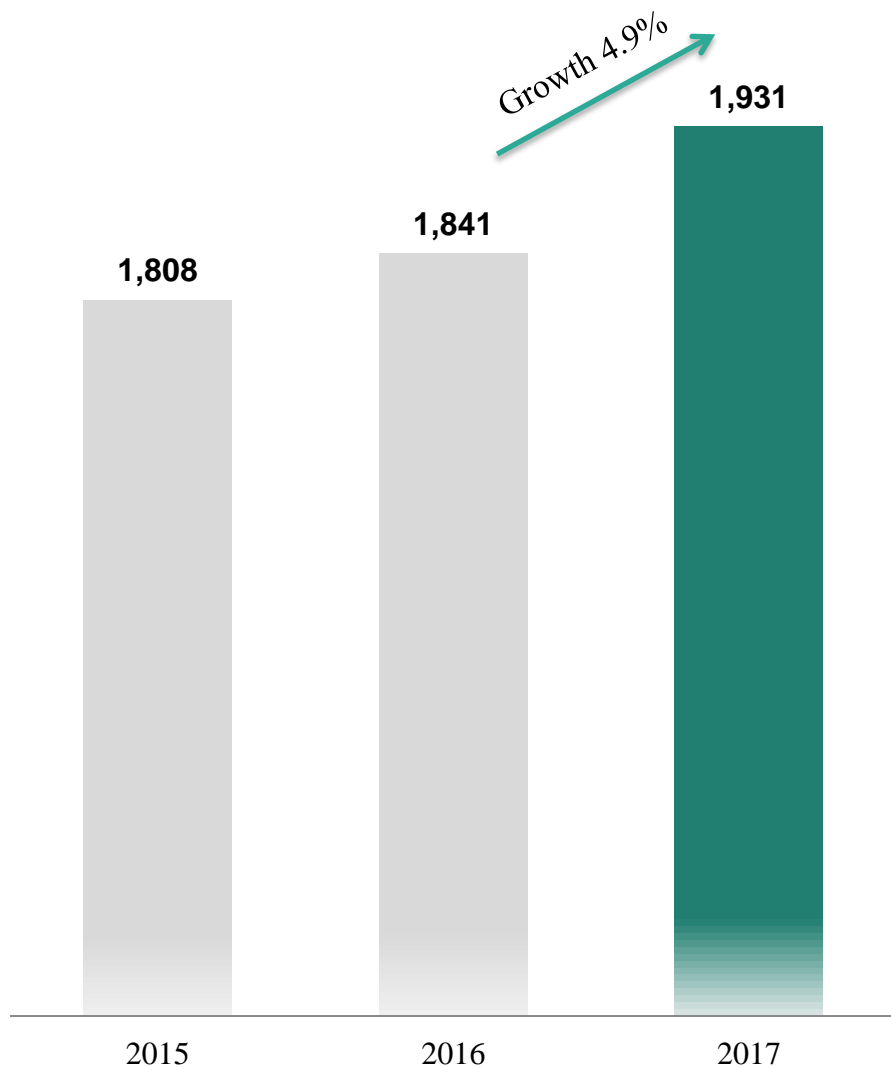
RMB100MM	31 Dec 2017	31 Dec 2016		Change
Total Assets	210,534	195,701	↑	7.6%
Loans and Advances	107,206	97,196	↑	10.3%
Total Liabilities	196,240	182,485	↑	7.5%
Deposits	161,943	150,380	↑	7.7%
Capital Adequacy Ratio	13.74%	13.04%	↑	0.70pps
CET1 Capital Adequacy Ratio	10.63%	10.38%	↑	0.25pps
NPL Ratio	1.81%	2.37%	↓	0.56pps
Provision Coverage	208%	173%	↑	35pps
	2017	2016		Change
Net Interest Income	4,419	3,981	↑	11.0%
Net Interest Margin (NIM)	2.28%	2.25%	↑	0.03pps
Net Fees and Commissions	729	909	↓	19.8%
Cost-to-income Ratio	33.0%	34.6%	↓	1.6pps
Net Income	1,931	1,841	↑	4.9%
Basic EPS (RMB)	0.58	0.55	↑	0.03

Profitability: Stable Growth in Net Profit, ROAA and ROAE Remain at a high level

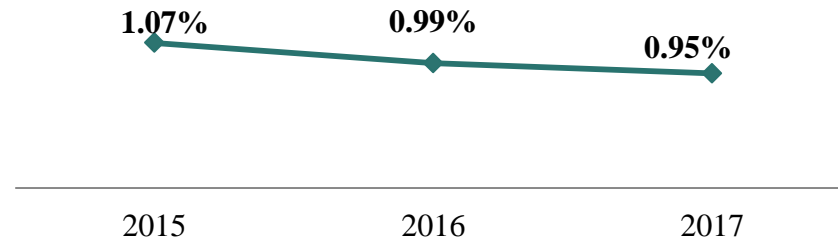


Net Profit

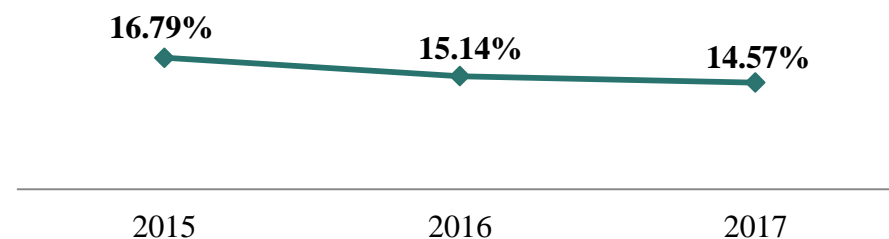
RMB100MM



ROAA



ROAE

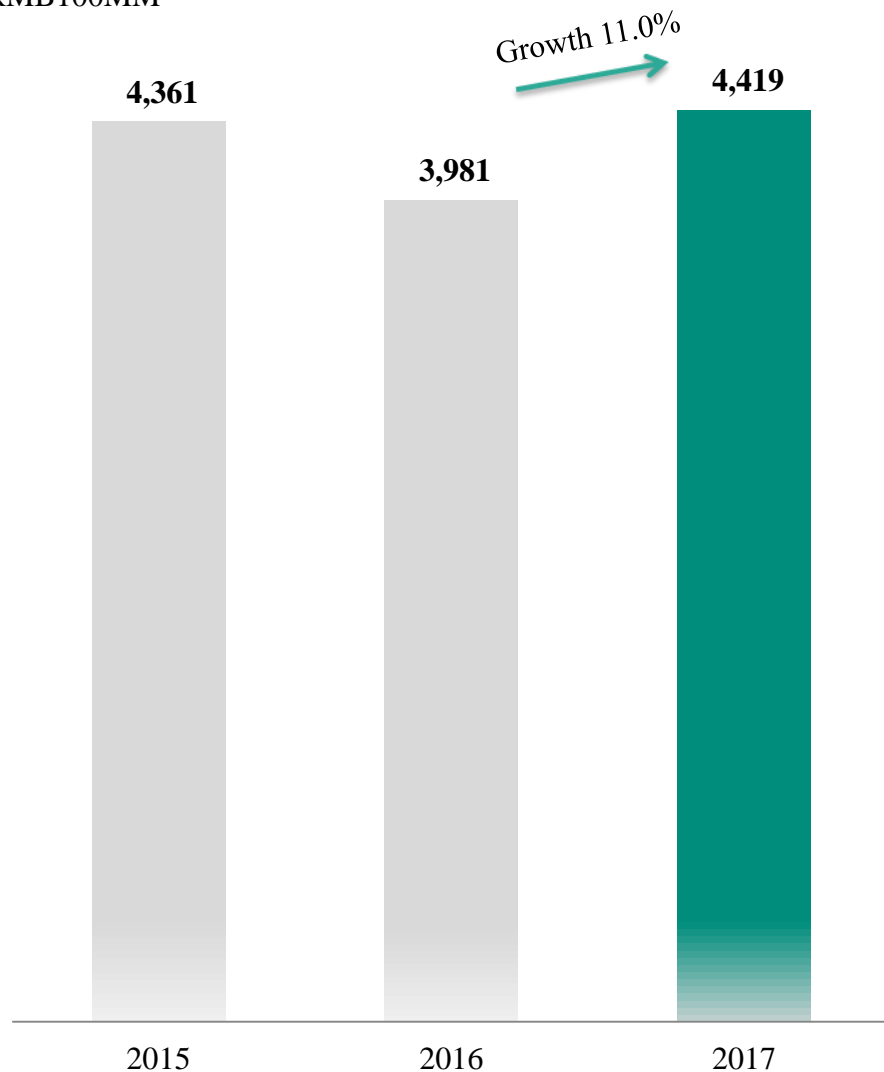


Net Interest Income: Recovering Net Interest Income with Stabilizing Interest Margin



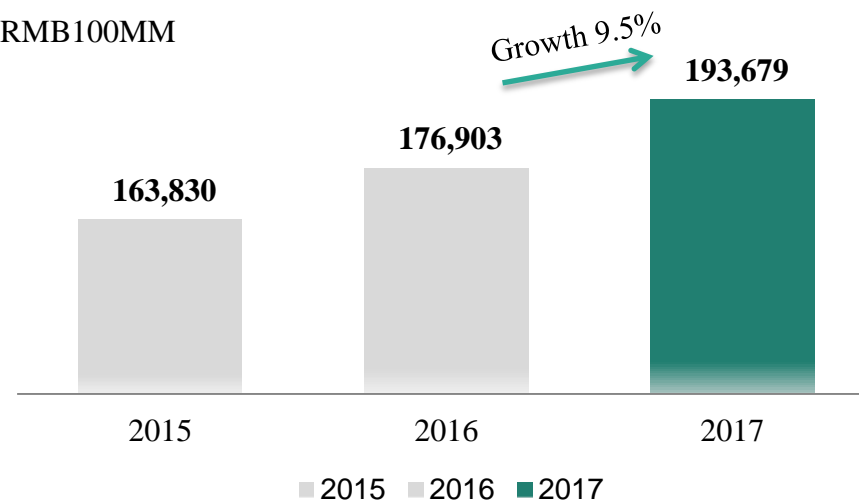
Recovery of Net Interest Income

RMB100MM



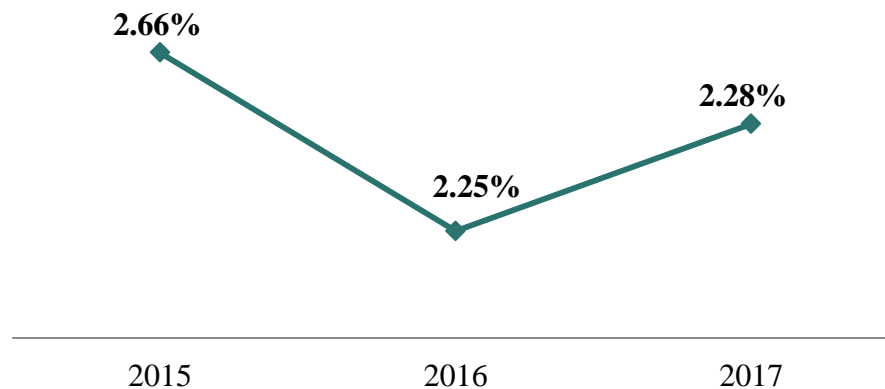
Daily Average Balance of Interest-bearing Assets Continued to Grow

RMB100MM



Interest Margin Stabilized and Ahead of Peers

Net Interest Margin (NIM)

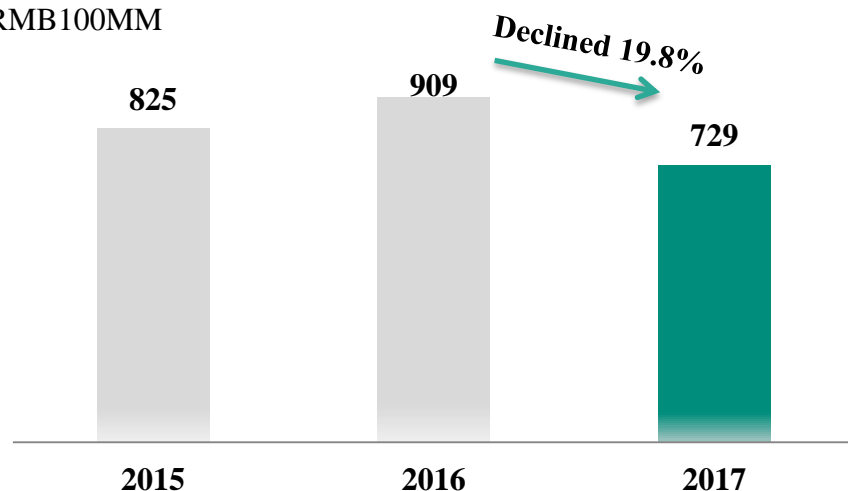


Intermediary Income: Declined YoY, New Growth Areas Building up



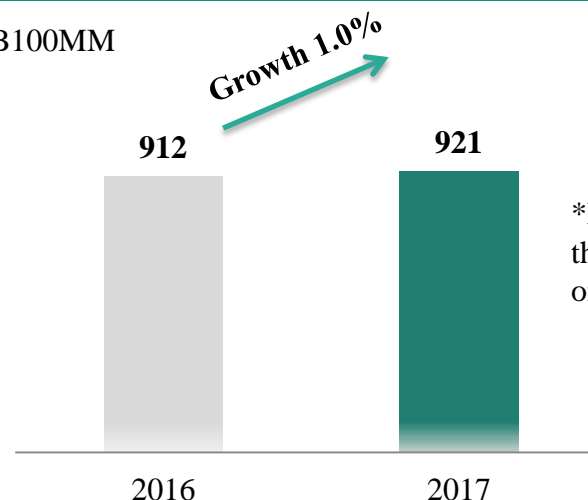
Net Fees and Commissions

RMB100MM



Adjusted Net Fees and Commissions*

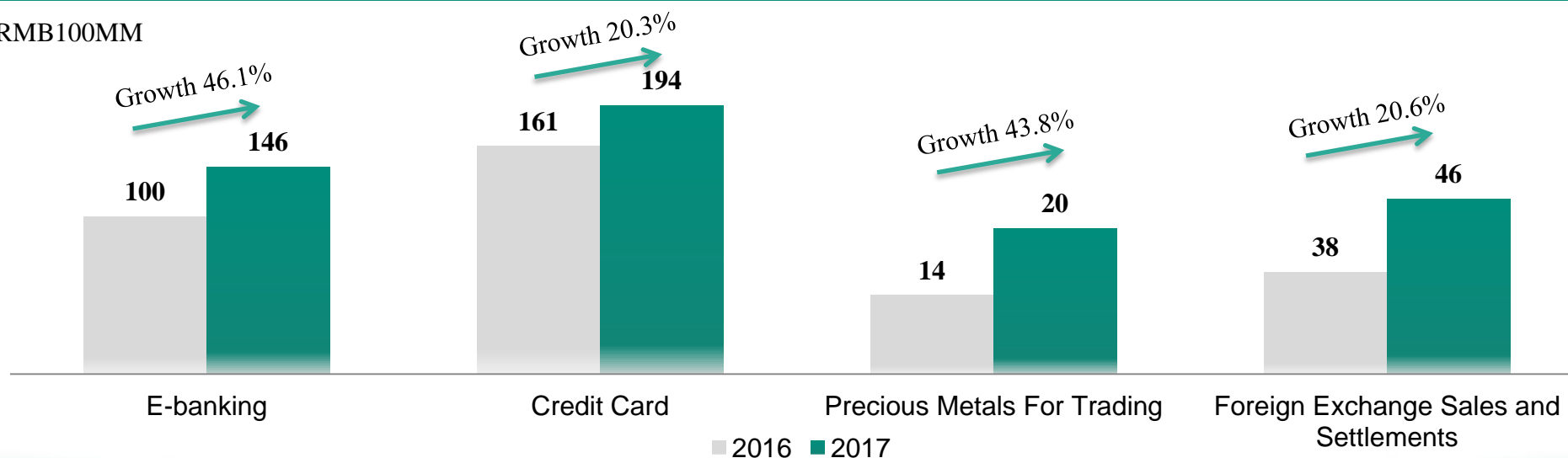
RMB100MM



*Excluding Impacts of the Assets Disposal of on Behalf of the MOF

Emerging Businesses Maintain High Growth

RMB100MM

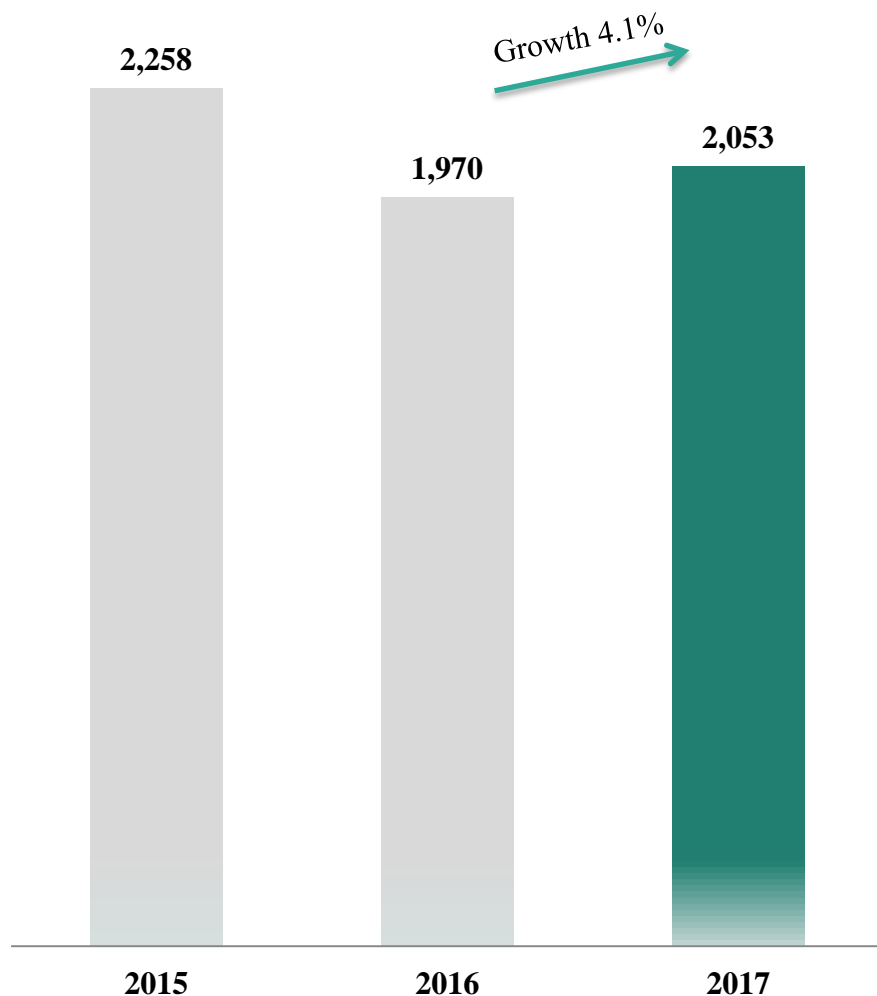


Cost and Expenses: Controlling Cost According to Income, Cost-to-Income Ratio Declined

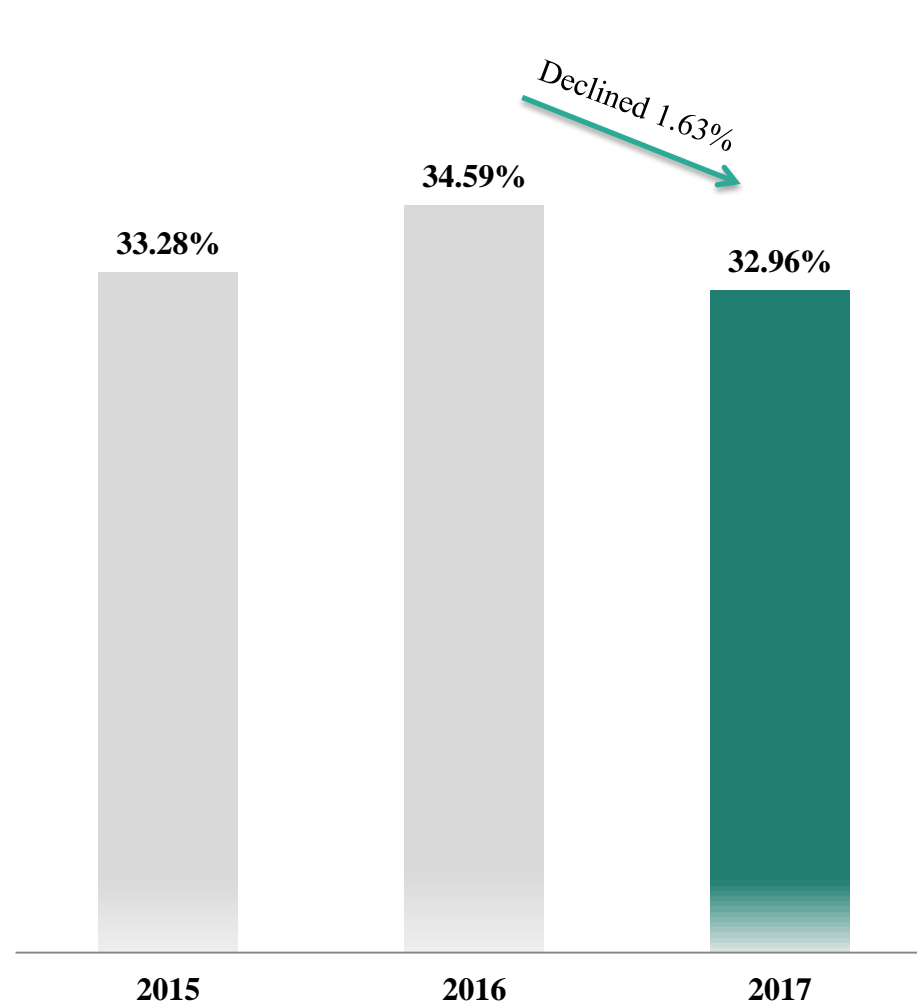


Stabled Operating Expenses

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Cost-to-Income Ratio Declined

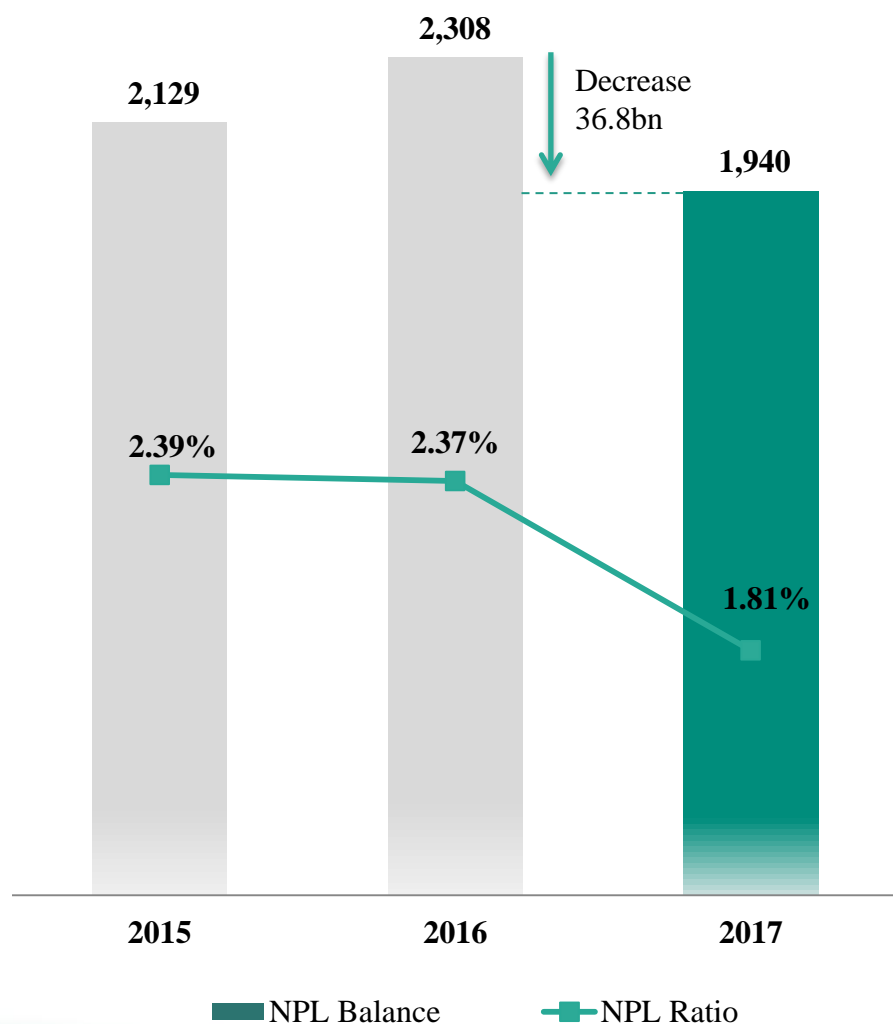


Asset Quality: Successful “Balance Sheet Cleaning” Plan, Both NPL Balance and NPL Ratio Declined

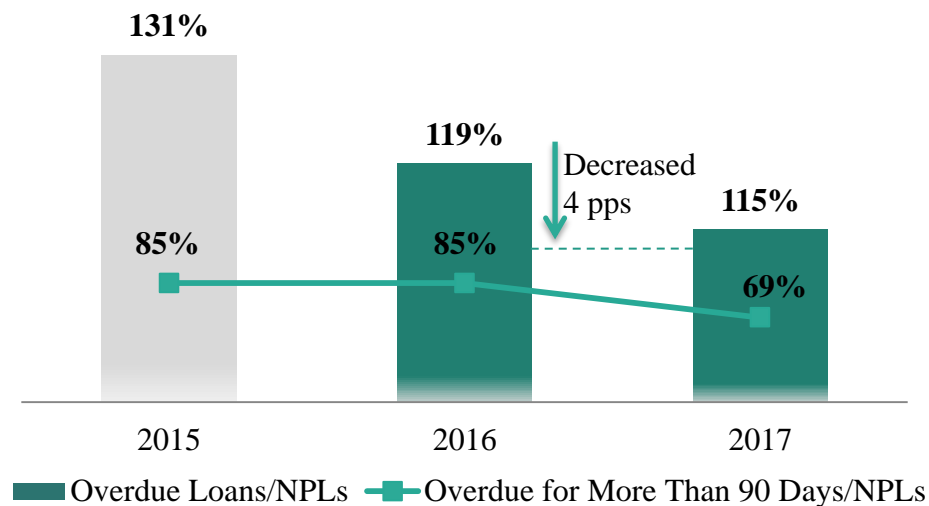


Decline in Both NPL Balance and NPL Ratio

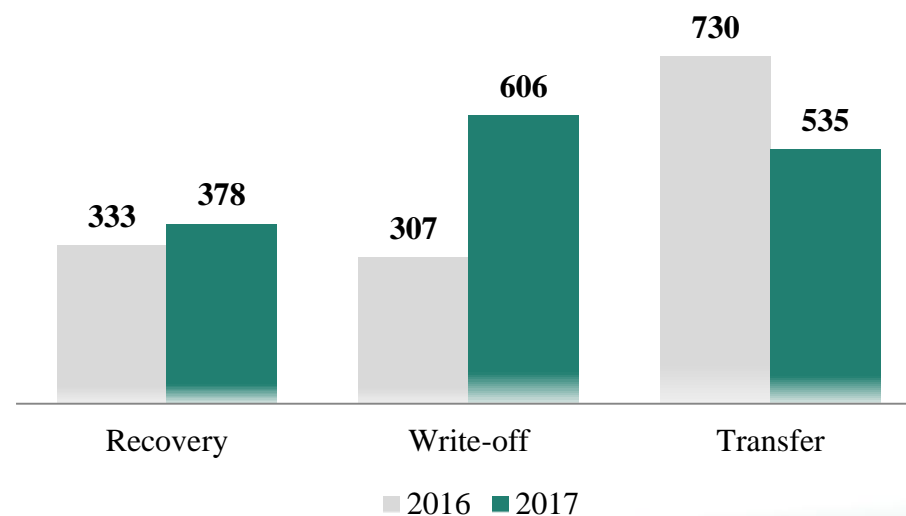
RMB100MM



Strict and Prudent Asset Classification



Multiple Initiatives to Reduce NPLs

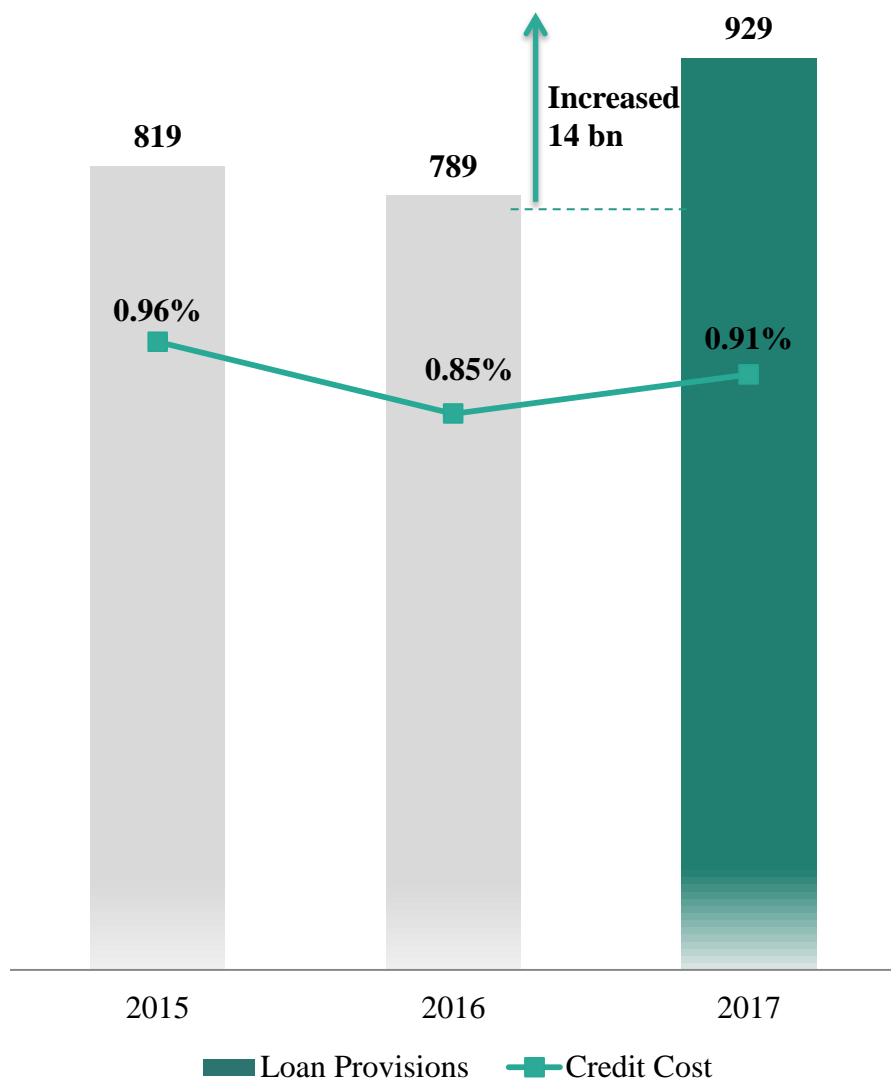


Provision Coverage: Continuously Enhanced Risk Buffer

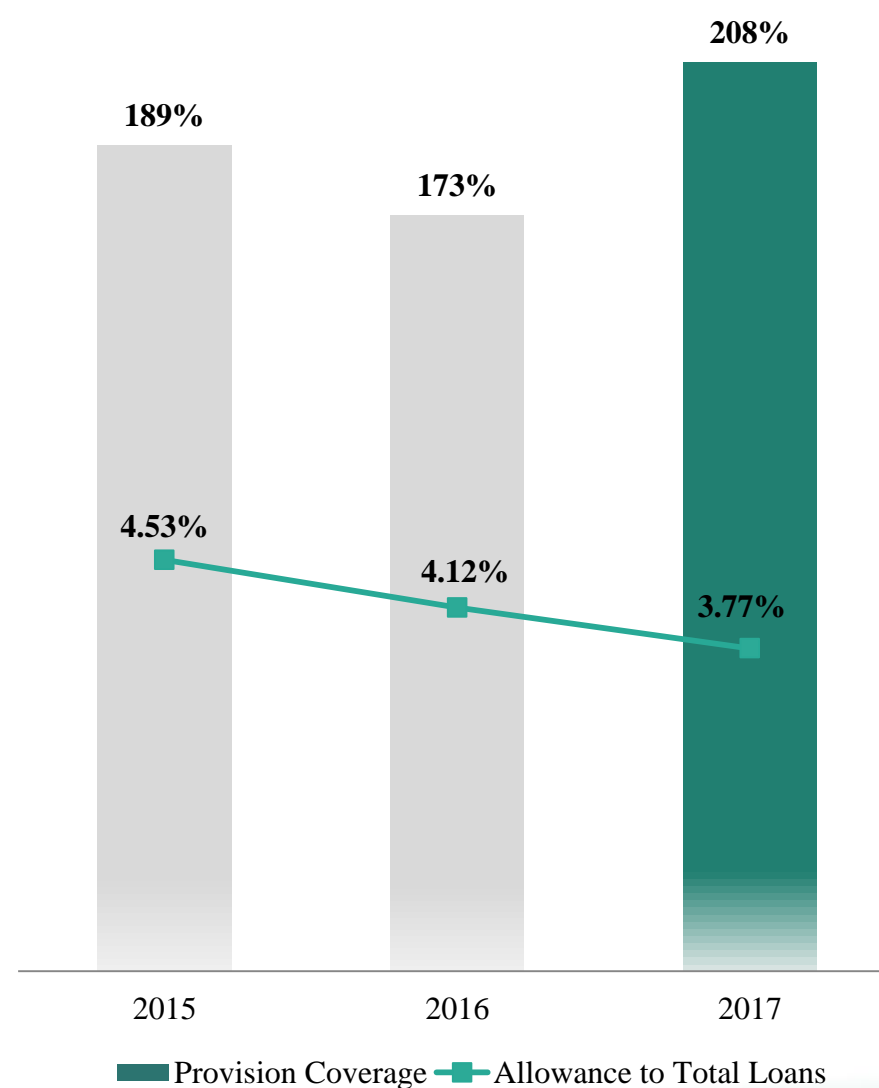


Sufficient Loan Provisions

RMB100MM



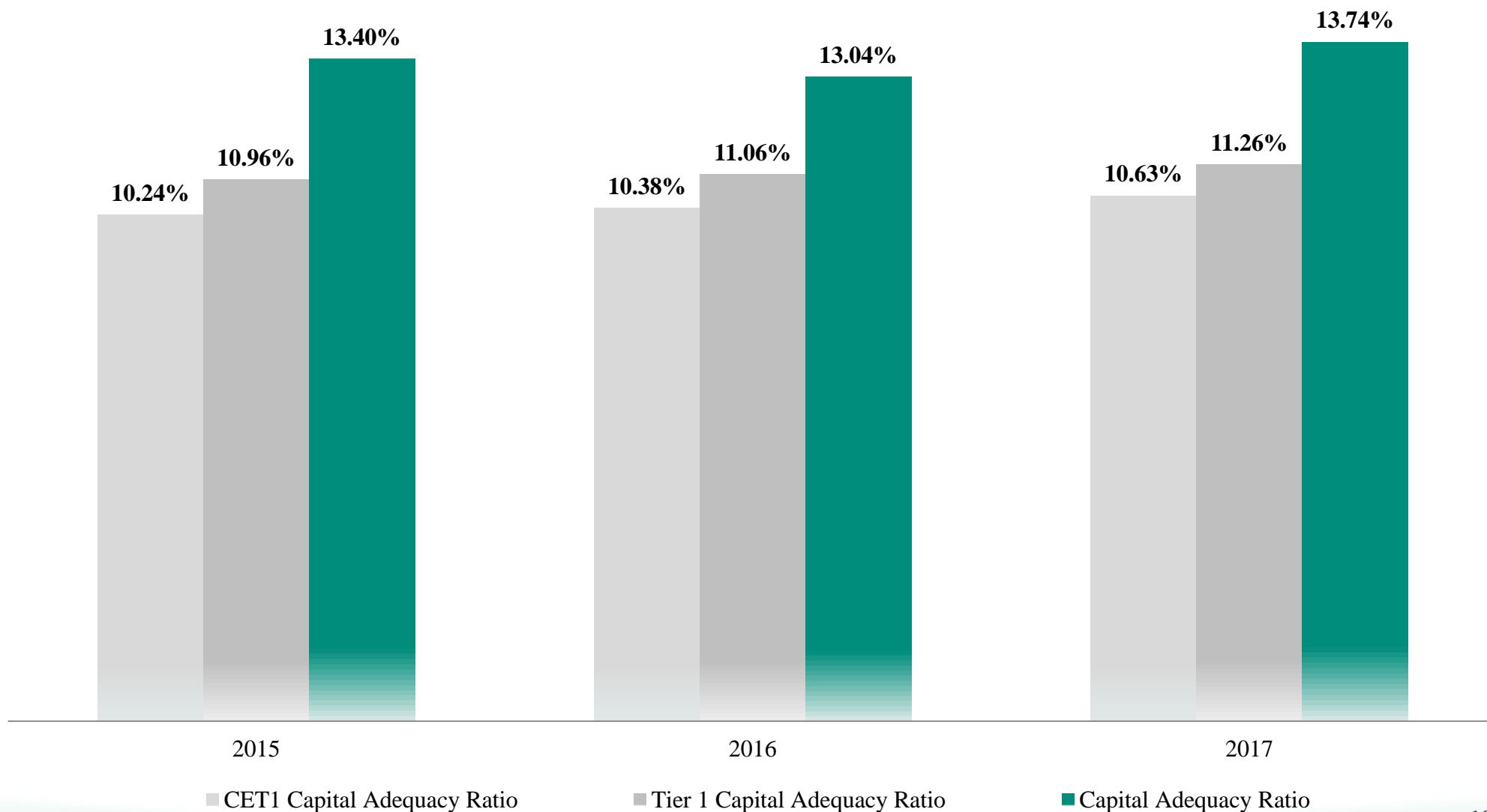
Provision Level Well-ahead of Peers



Capital Adequacy Ratio: Continues to Meet Regulatory Requirements



Capital Adequacy Ratio





Financial Performance



Business Development

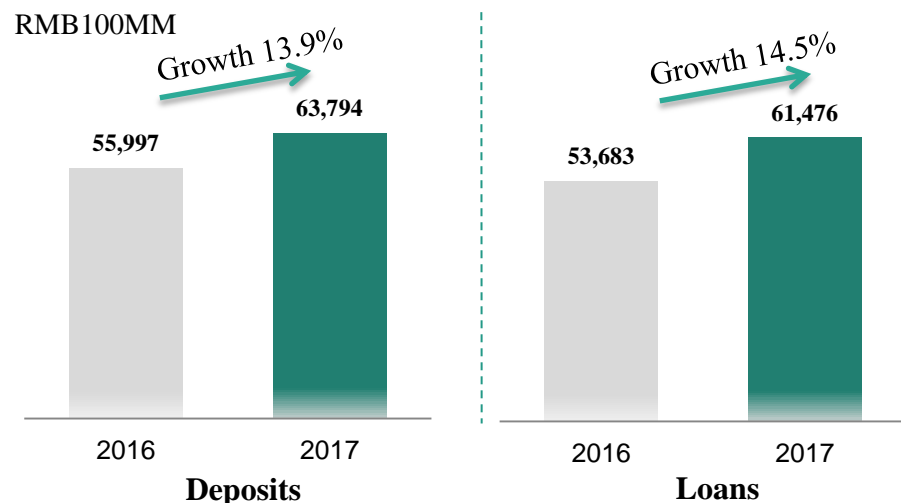


Future Outlook

Corporate Business: Remarkable Success in Supporting Real Economy with Continued Structural Optimization

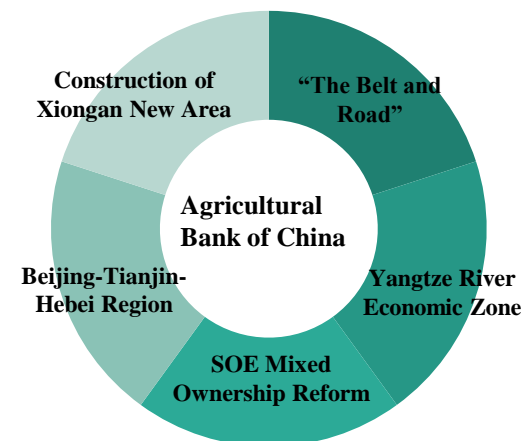
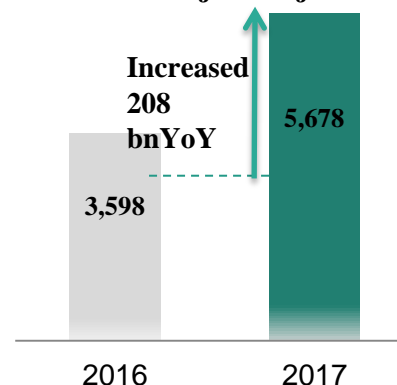


Stable Growth in Corporate Deposits and Significant Loan Expansion



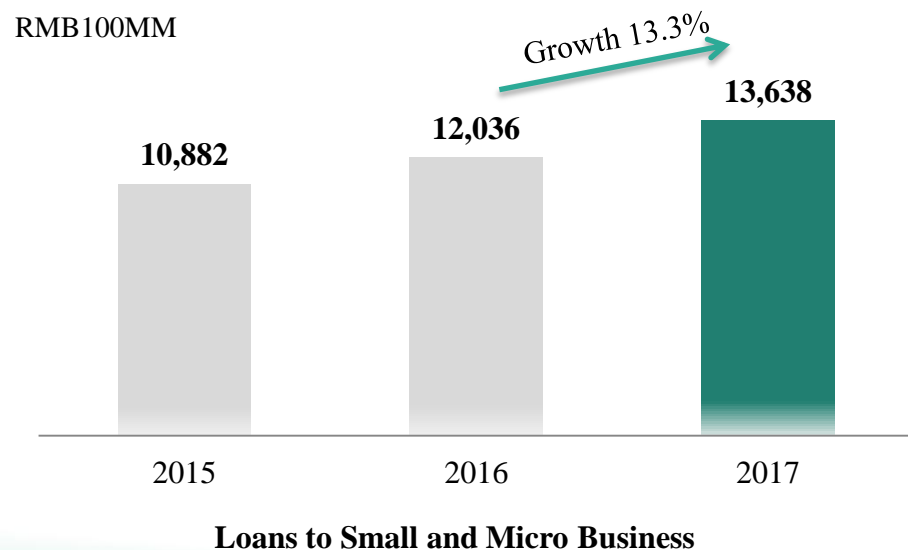
Support for National Strategies

Loans to Major Projects

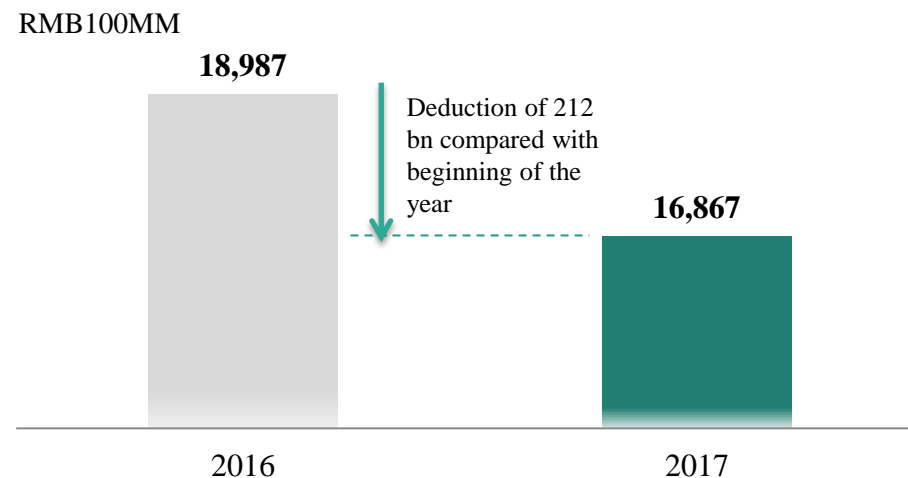


Note: major projects include national and provincial level key projects

Reinforced Small and Micro Business Services



Implement Capacity Deduction Policies and Reduce Credit to Over Capacity Industries



Credit Profile of Key Restricted Industries

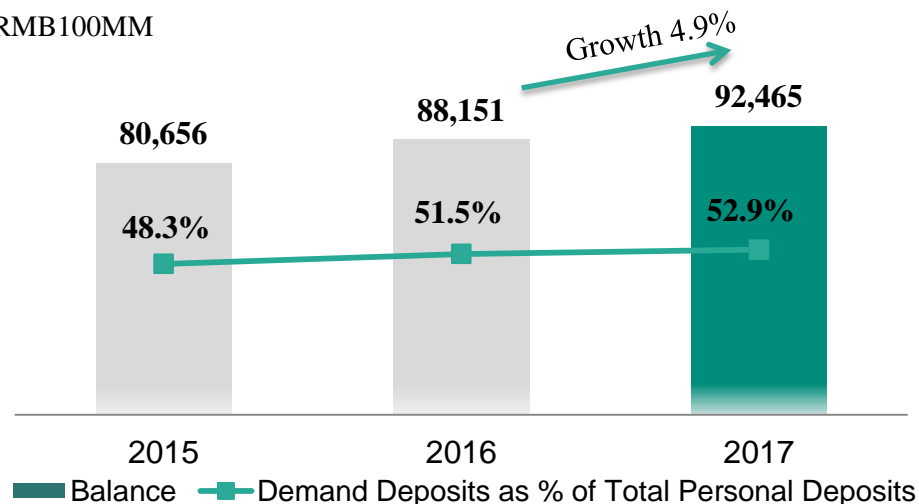
Note: The total 13 restricted industries mainly include coal, steel, certain whole sale and retail sectors and manufacturing sectors with high NPL ratios.

Retail Business: Further Solidified Competitiveness



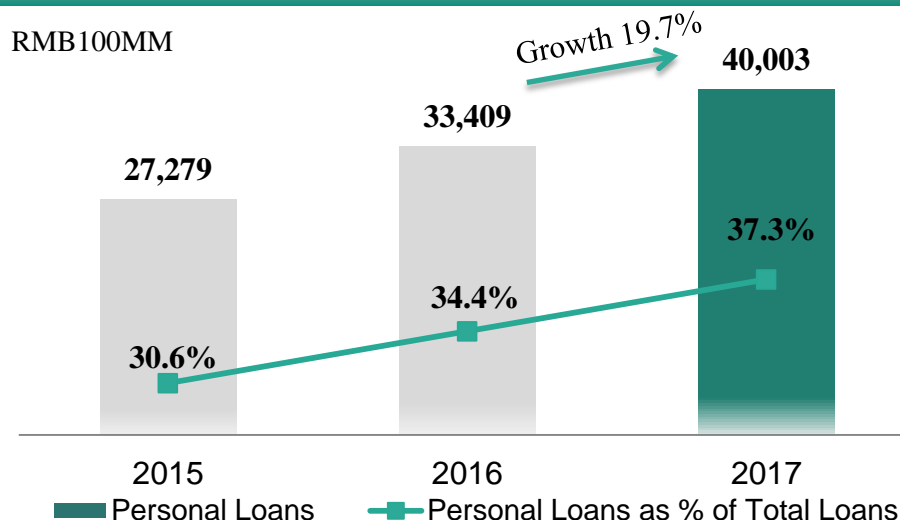
Stable Growth in Personal Deposits

RMB100MM



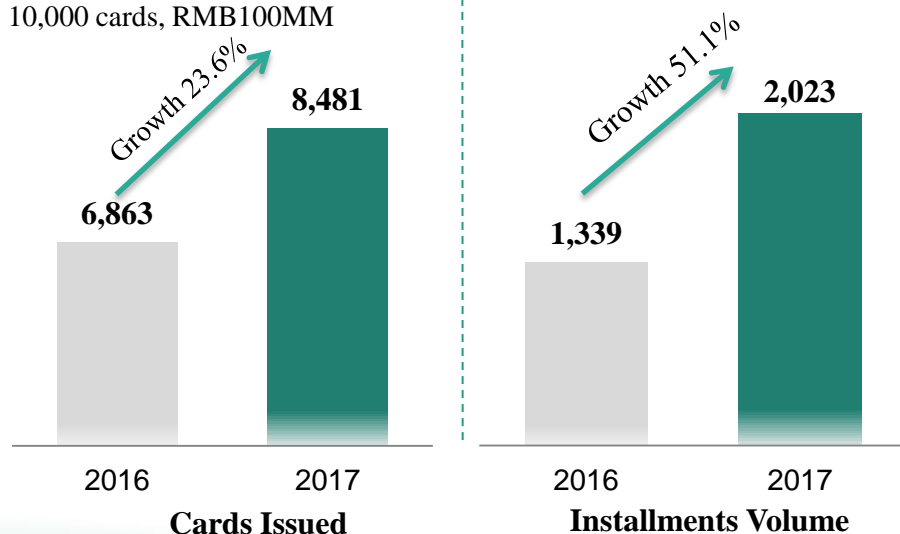
Rapidly Growing Personal Loans

RMB100MM



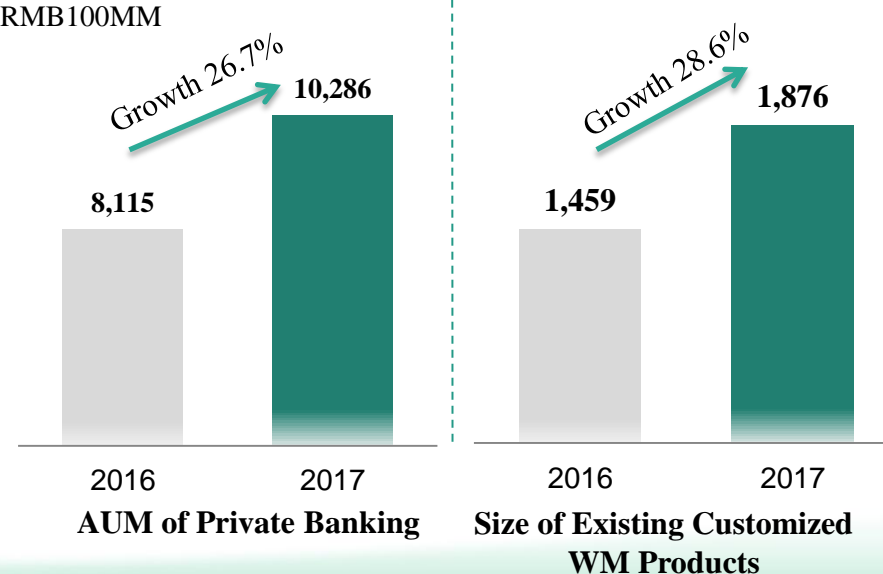
Improved Market Competitiveness of Credit Card Business

10,000 cards, RMB100MM



Reinforced Management Capability in Wealth Management and Private Banking

RMB100MM

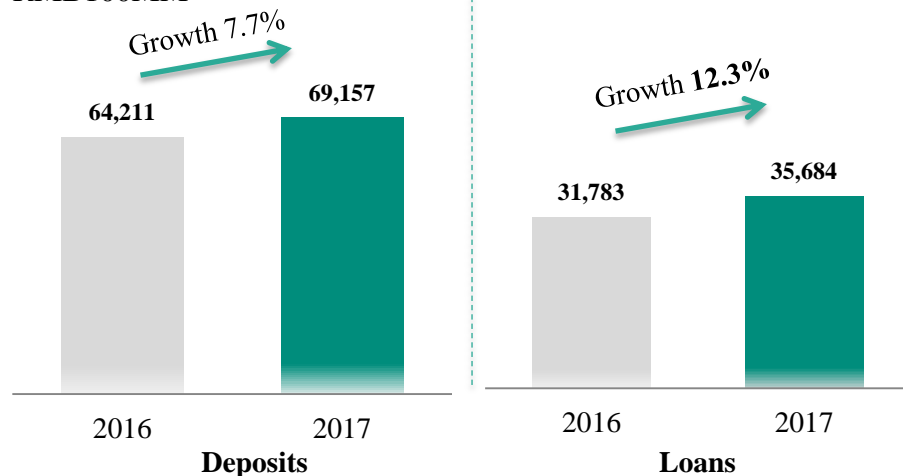


County Business: Contribution Steadily Rising

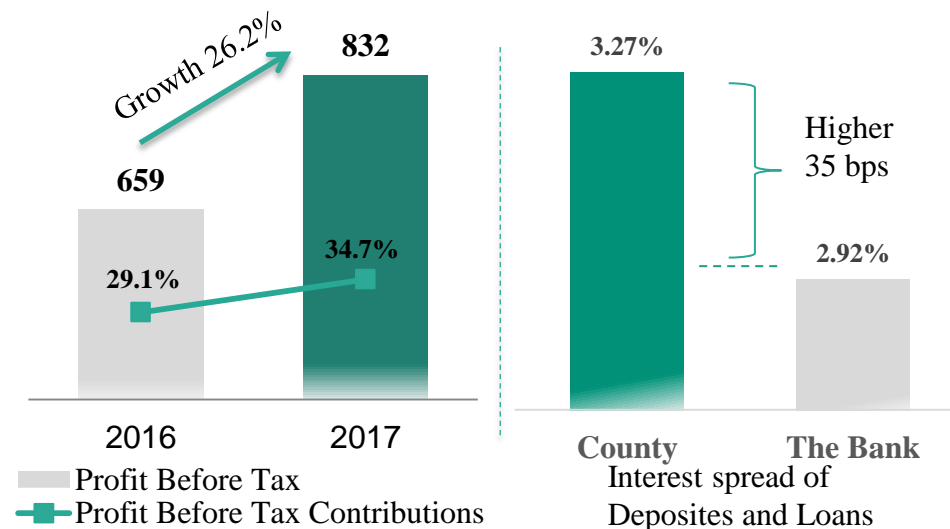


Rapid Growth in County Deposits and Loans

RMB100MM

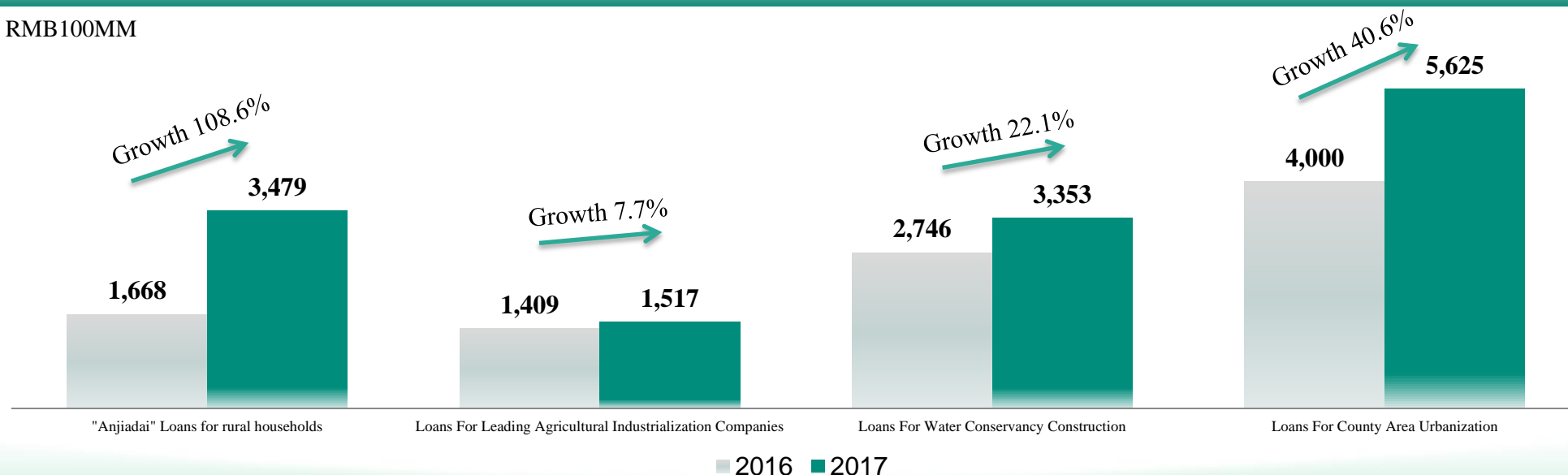


Increasing Overall Contribution of County Business



Remarkable Achievements of Financial Services in Key Areas

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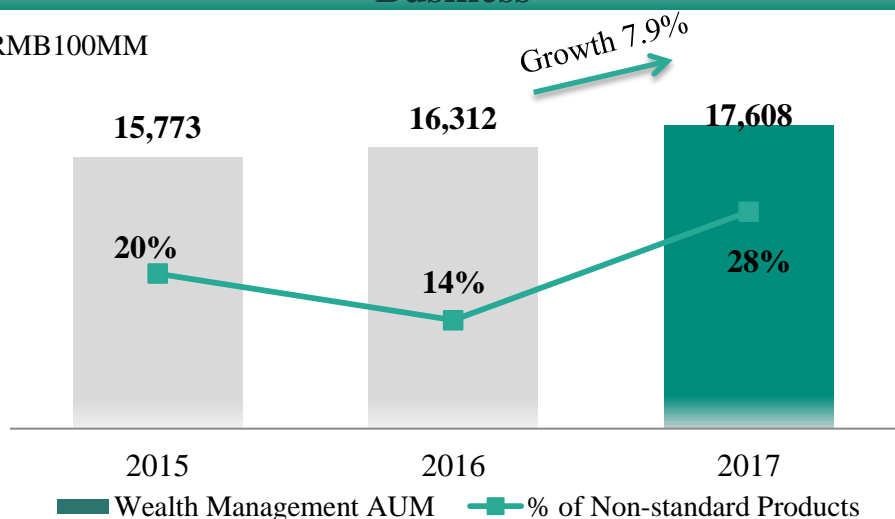


Asset Management Business: Steady Development



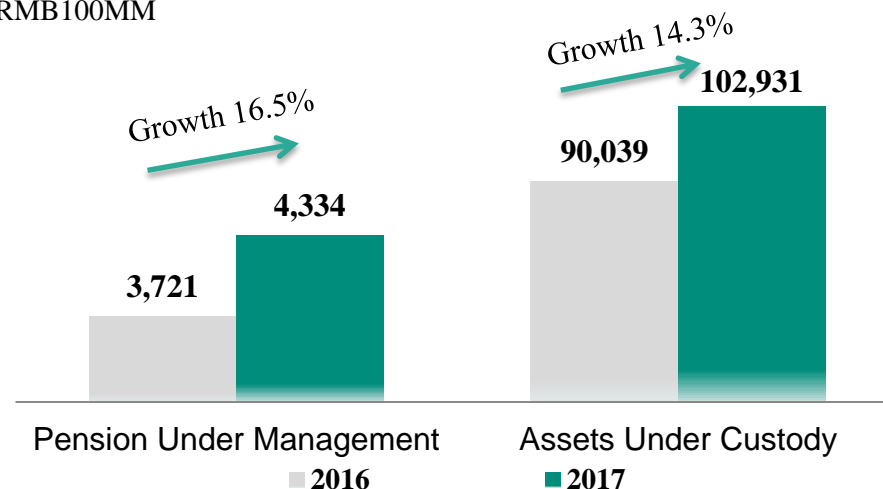
Stable Development of Wealth Management Business

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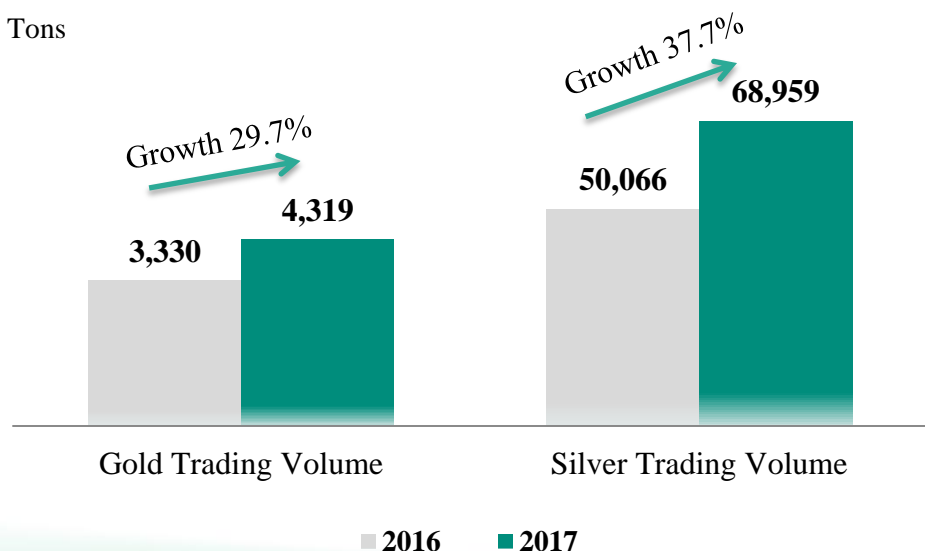
Continuous Growth in Assets Under Custody

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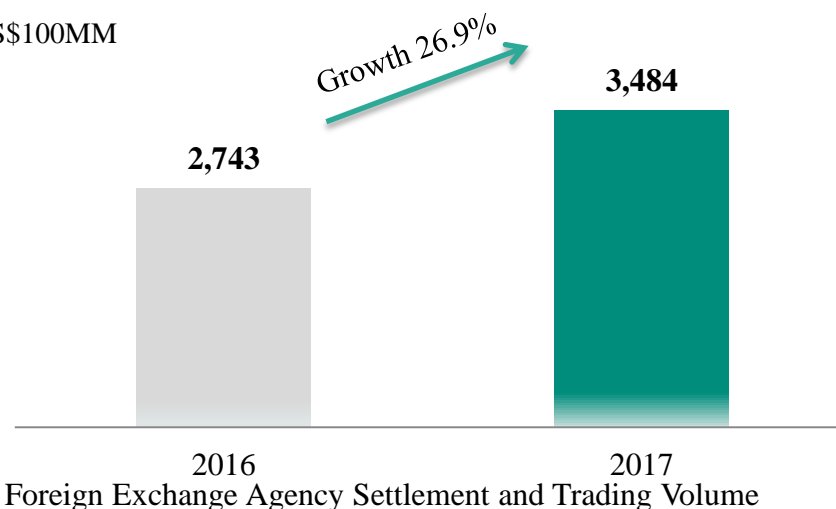
Rapid Growth in Precious Metals Trading

Tons



No.1 in Inter-bank Spot Market-making Business

US\$100MM

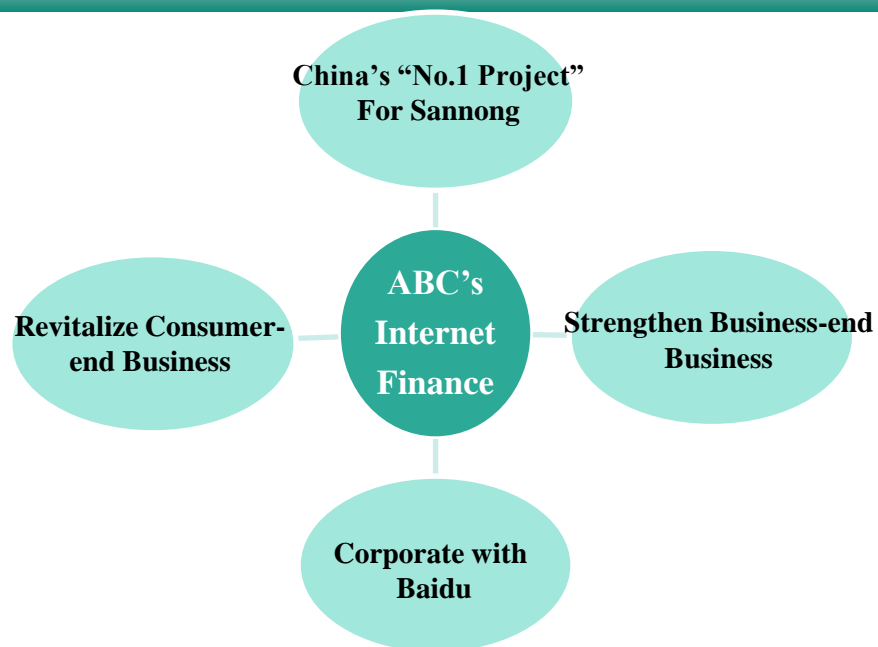


Note: include that of spot foreign exchange sales and settlements as well as foreign exchange trading on behalf of customers, and the total contracts amount of forward/swapped foreign exchange sale and settlements as well as foreign exchange trading.

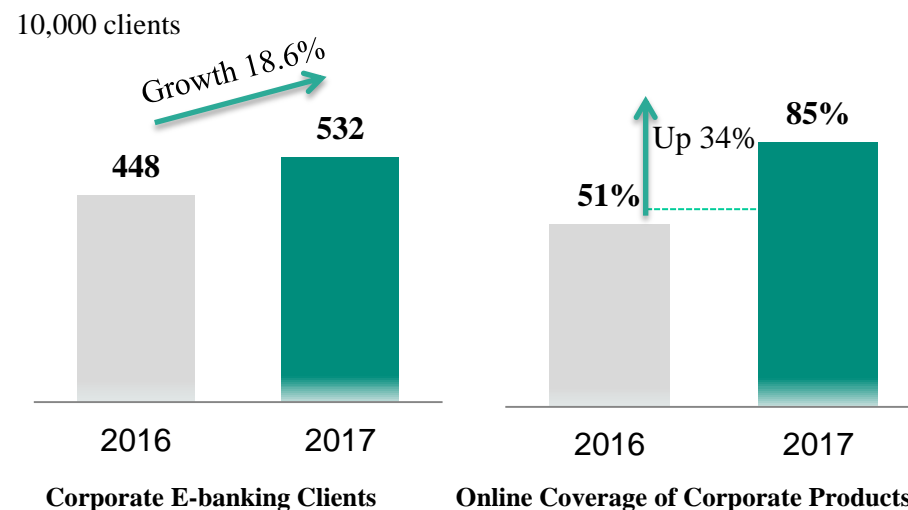
Internet Finance: Improved Value Creation



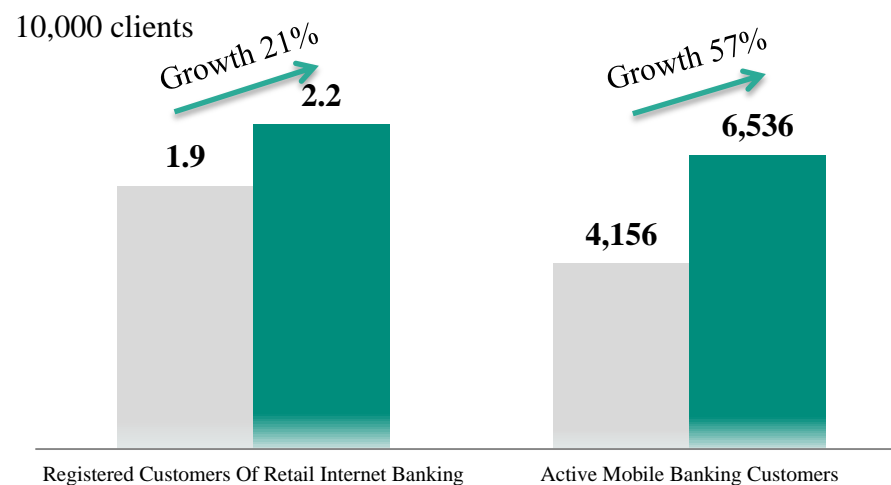
Continued Transformation and Upgrading



Improved Service Functions and Strengthened Corporate Business



Expedite Product Innovation and Motivate Retail Clients

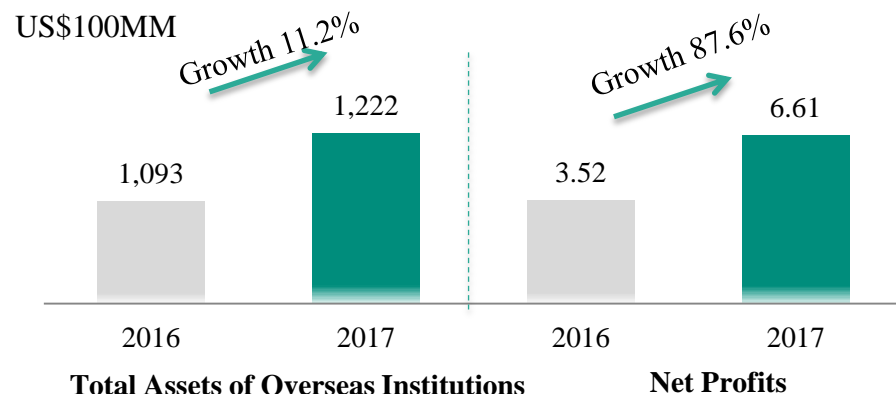


■ 2016 ■ 2017

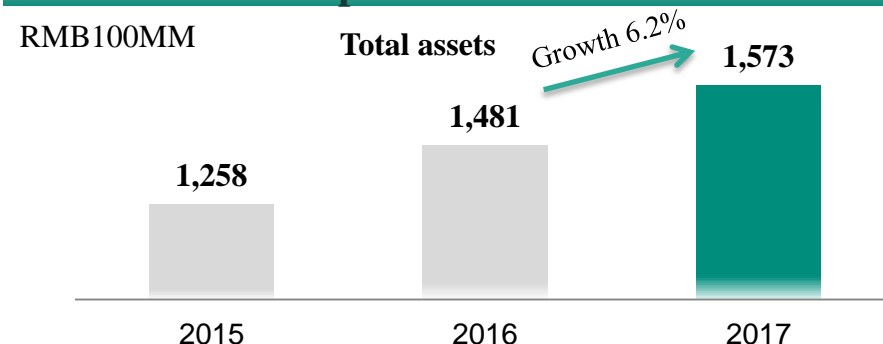
International Business and Comprehensive Operations: Improved Cross-border Multi-functional Service Capabilities



Enhanced Cross-border Service Capabilities



Stable Development of Subsidiaries with Comprehensive Business



Note: Includes ABC-CA Fund Management, ABC International Holding, ABC Financial Leasing, and ABC Life Insurance. ABC Financial Asset Investment was established in 2017.

Network Coverage in Asia, Europe, North America, Oceania and Africa

Europe

- Frankfurt Branch (2013)
- UK Subsidiary (2012) / London Branch (2017)
- Luxembourg Subsidiary (2014) / Branch (2015)
- Moscow Subsidiary (2014)

Americas

- New York Branch (2012)
- Vancouver Representative Office (2012, Upgrading to Branch)
- São Paulo Representative Office (2017)

Asia Pacific

- Hong Kong Branch (1995)
- ABC International Holding (2009)
- China Agricultural Finance (1989)
- Singapore Branch (1995)
- Seoul Branch (2012)
- Dubai DIFC Branch (2013) / Dubai Branch (2016)
- Tokyo Branch (2013)
- Sydney Branch (2014)
- Hanoi Branch (2017) / Hanoi Representative Office (2012)
- Taipei Representative Office (2015)
- Macao Branch (2017)

Africa

- Sino-Congolese Bank (2015)



Financial Performance



Business Development



Future Outlook



Strive to become a first-class international commercial bank group with unique operations, efficient services, comprehensive and synergetic functions, and exceptional value creation abilities



Serve The Real Economy

- ◆ **Serve supply-side structural reform:** reduced loans granted to overcapacity industries, allocated resources to leading innovative companies
- ◆ **Serve rural revitalization strategy:** Implement finance serve national food safe strategy, rural industries integration, inclusive finance and etc
- ◆ **Serve targeted poverty alleviation:** Innovative model, supplement resources, fulfill the social responsibility

Control Financial Risk

- ◆ **Strictly control credit risk:** Strengthen credit quality management philosophy, enhance risk management for important areas
- ◆ **Strictly control liquidity risk:** Improve liability capabilities, expand capital raising channels, avoid unexpected risk events
- ◆ **Strictly control case-specific risk:** Maintain “three lines, one grid” management model, improve risk control techniques

Accelerate Transformation

- ◆ **Improve “No.1 Project” :** Emphasize the assessment of supervision, further leverage supports from internet technology to serve “Sannong”
- ◆ **Implement retail banking business transformation plan:** Utilize big data, artificial intelligence, mobile internet, cloud computing
- ◆ **Improve Intermediary business:** improve management, adjust branches’ authority of production innovation, focus on cross-selling


Focus on Continuous Reform

- ◆ **Accelerate reform of technology& product innovation system:** Focus on market-oriented and information-oriented development, establish the mechanisms that encourages better resource allocation and technology development
- ◆ **Expand reform of asset management system:** Transform to net worth /market value system, improve the incentive and constraint mechanism

Future Outlook – Business Plan for 2018



 **Seize opportunities arising from rural revitalization strategy, expand “Sannong” financial services, strengthen differentiation competitive advantages**

 **Serve supply-side structural reform, improve competitiveness of urban area banking business**

 **Enhance competitiveness and achieve high growth of the liability business**

 **Implement “improving efficiency” initiatives, ensure to meet the full year earnings target**

 **Implement “strengthen capital” initiatives , improve capital management capabilities**

 **Implement “balance sheet cleaning” initiatives, strengthen risk control**

 **Strengthen “two bases” management, improve effectiveness of internal control**



Thank you!

Q&A