2017 Annual Results Presentation

Hong Kong / Beijing

IFRS

March, 2018
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## Performance Summary

<table>
<thead>
<tr>
<th></th>
<th>31 Dec 2017</th>
<th>31 Dec 2016</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RMB100MM</strong></td>
<td></td>
<td></td>
<td><strong>Change</strong></td>
</tr>
<tr>
<td>Total Assets</td>
<td>210,534</td>
<td>195,701</td>
<td>7.6%</td>
</tr>
<tr>
<td>Loans and Advances</td>
<td>107,206</td>
<td>97,196</td>
<td>10.3%</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>196,240</td>
<td>182,485</td>
<td>7.5%</td>
</tr>
<tr>
<td>Deposits</td>
<td>161,943</td>
<td>150,380</td>
<td>7.7%</td>
</tr>
<tr>
<td>Capital Adequacy Ratio</td>
<td>13.74%</td>
<td>13.04%</td>
<td>0.70pps</td>
</tr>
<tr>
<td>CET1 Capital Adequacy Ratio</td>
<td>10.63%</td>
<td>10.38%</td>
<td>0.25pps</td>
</tr>
<tr>
<td>NPL Ratio</td>
<td>1.81%</td>
<td>2.37%</td>
<td>0.56pps</td>
</tr>
<tr>
<td>Provision Coverage</td>
<td>208%</td>
<td>173%</td>
<td>35pps</td>
</tr>
<tr>
<td><strong>Net Interest Income</strong></td>
<td>4,419</td>
<td>3,981</td>
<td>11.0%</td>
</tr>
<tr>
<td><strong>Net Interest Margin (NIM)</strong></td>
<td>2.28%</td>
<td>2.25%</td>
<td>0.03pps</td>
</tr>
<tr>
<td><strong>Net Fees and Commissions</strong></td>
<td>729</td>
<td>909</td>
<td>19.8%</td>
</tr>
<tr>
<td><strong>Cost-to-income Ratio</strong></td>
<td>33.0%</td>
<td>34.6%</td>
<td>1.6pps</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>1,931</td>
<td>1,841</td>
<td>4.9%</td>
</tr>
<tr>
<td><strong>Basic EPS (RMB)</strong></td>
<td>0.58</td>
<td>0.55</td>
<td>0.03</td>
</tr>
</tbody>
</table>
Profitability: Stable Growth in Net Profit, ROAA and ROAE Remain at a high level

**Net Profit**

RMB100MM

- **2015**: 1,808
- **2016**: 1,841
- **2017**: 1,931 (Growth 4.9%)

**ROAA**

- **2015**: 1.07%
- **2016**: 0.99%
- **2017**: 0.95%

**ROAE**

- **2015**: 16.79%
- **2016**: 15.14%
- **2017**: 14.57%
Net Interest Income: Recovering Net Interest Income with Stabilizing Interest Margin

**Recovery of Net Interest Income**

RMB100MM

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>4,361</td>
<td>3,981</td>
<td>4,419</td>
</tr>
</tbody>
</table>

Growth 11.0%

**Daily Average Balance of Interest-bearing Assets Continued to Grow**

RMB100MM

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>163,830</td>
<td>176,903</td>
<td>193,679</td>
</tr>
</tbody>
</table>

Growth 9.5%

**Interest Margin Stabilized and Ahead of Peers**

Net Interest Margin (NIM)

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>2.66%</td>
<td>2.25%</td>
<td>2.28%</td>
</tr>
</tbody>
</table>
Intermediary Income: Declined YoY, New Growth Areas Building up

**Net Fees and Commissions**

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>RMB100MM</td>
<td>825</td>
<td>909</td>
<td>729</td>
</tr>
</tbody>
</table>

Declined 19.8%

**Adjusted Net Fees and Commissions***

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>RMB100MM</td>
<td>912</td>
<td>921</td>
</tr>
</tbody>
</table>

Growth 1.0%

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

**Emerging Businesses Maintain High Growth**

<table>
<thead>
<tr>
<th>Category</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-banking</td>
<td>100</td>
<td>146</td>
<td>194</td>
</tr>
<tr>
<td>Credit Card</td>
<td>161</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Precious Metals For Trading</td>
<td></td>
<td>14</td>
<td>20</td>
</tr>
<tr>
<td>Foreign Exchange Sales and Settlements</td>
<td></td>
<td>38</td>
<td>46</td>
</tr>
</tbody>
</table>

Growth:
- E-banking: 46.1%
- Credit Card: 20.3%
- Precious Metals For Trading: 43.8%
- Foreign Exchange Sales and Settlements: 20.6%
Cost and Expenses: Controlling Cost According to Income, Cost-to-Income Ratio Declined

Stabled Operating Expenses

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (RMB100MM)</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>2,258</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>1,970</td>
<td>4.1%</td>
</tr>
<tr>
<td>2017</td>
<td>2,053</td>
<td></td>
</tr>
</tbody>
</table>

Cost-to-Income Ratio Declined

<table>
<thead>
<tr>
<th>Year</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>33.28%</td>
</tr>
<tr>
<td>2016</td>
<td>34.59%</td>
</tr>
<tr>
<td>2017</td>
<td>32.96%</td>
</tr>
</tbody>
</table>

Declined 1.63%
Asset Quality: Successful “Balance Sheet Cleaning” Plan, Both NPL Balance and NPL Ratio Declined

Decline in Both NPL Balance and NPL Ratio

<table>
<thead>
<tr>
<th>Year</th>
<th>NPL Balance (RMB100MM)</th>
<th>NPL Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>2,129</td>
<td>2.39%</td>
</tr>
<tr>
<td>2016</td>
<td>2,308</td>
<td>2.37%</td>
</tr>
<tr>
<td>2017</td>
<td>1,940</td>
<td>1.81%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Decrease in NPL Balance (RMB100MM)</th>
<th>Decrease in NPL Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td></td>
<td>36.8bn</td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Strict and Prudent Asset Classification

<table>
<thead>
<tr>
<th>Year</th>
<th>NPL Balance (RMB100MM)</th>
<th>NPL Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>131%</td>
<td>85%</td>
</tr>
<tr>
<td>2016</td>
<td>119%</td>
<td>85%</td>
</tr>
<tr>
<td>2017</td>
<td>115%</td>
<td>69%</td>
</tr>
</tbody>
</table>

Decreased 4 pps

Multiple Initiatives to Reduce NPLs

<table>
<thead>
<tr>
<th>Year</th>
<th>Recovery</th>
<th>Write-off</th>
<th>Transfer</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>333</td>
<td>307</td>
<td>730</td>
</tr>
<tr>
<td>2017</td>
<td>378</td>
<td>606</td>
<td>535</td>
</tr>
</tbody>
</table>

NPL Balance | NPL Ratio

RMB100MM
Provision Coverage: Continuously Enhanced Risk Buffer

**Sufficient Loan Provisions**

- **2015**: 819 RMB100MM, 0.96%
- **2016**: 789 RMB100MM, 0.85%
- **2017**: 929 RMB100MM, 0.91%

Increased 14 bn

**Provision Level Well-ahead of Peers**

- **2015**: 189%, 4.53%
- **2016**: 173%, 4.12%
- **2017**: 208%, 3.77%

Provision Coverage: Cont. Enhanced Risk Buffer

Allowance to Total Loans: Sufficient Loan Provisions
Capital Adequacy Ratio: Continues to Meet Regulatory Requirements

Capital Adequacy Ratio

<table>
<thead>
<tr>
<th>Year</th>
<th>CET1 Capital Adequacy Ratio</th>
<th>Tier 1 Capital Adequacy Ratio</th>
<th>Capital Adequacy Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>10.24%</td>
<td>10.96%</td>
<td>13.40%</td>
</tr>
<tr>
<td>2016</td>
<td>10.38%</td>
<td>11.06%</td>
<td>13.04%</td>
</tr>
<tr>
<td>2017</td>
<td>10.63%</td>
<td>11.26%</td>
<td>13.74%</td>
</tr>
</tbody>
</table>
Corporate Business: Remarkable Success in Supporting Real Economy with Continued Structural Optimization

Stable Growth in Corporate Deposits and Significant Loan Expansion

- **Deposits**
  - 2016: RMB100MM 55,997
  - 2017: RMB100MM 63,794
  - Growth: 13.9%

- **Loans**
  - 2016: RMB100MM 53,683
  - 2017: RMB100MM 61,476
  - Growth: 14.5%

Reinforced Small and Micro Business Services

- **Loans to Small and Micro Business**
  - 2015: RMB100MM 10,882
  - 2016: RMB100MM 12,036
  - 2017: RMB100MM 13,638
  - Growth: 13.3%

Support for National Strategies

- **Loans to Major Projects**
  - 2016: RMB100MM 3,598
  - 2017: RMB100MM 5,678
  - Increased 208 bnYoY

Implement Capacity Deduction Policies and Reduce Credit to Over Capacity Industries

- **Credit Profile of Key Restricted Industries**
  - Deduction of 212 bn compared with beginning of the year
  - 2016: RMB100MM 18,987
  - 2017: RMB100MM 16,867

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

- 2015: 80,656 (48.3%)
- 2016: 88,151 (51.5%)
- 2017: 92,465 (52.9%)

**Rapidly Growing Personal Loans**

RMB100MM

- 2015: 27,279 (30.6%)
- 2016: 33,409 (34.4%)
- 2017: 40,003 (37.3%)

**Improved Market Competitiveness of Credit Card Business**

- 2015: 10,000 cards, RMB100MM
- 2016: 8,481 cards
- 2017: 2,023 cards

**Reinforced Management Capability in Wealth Management and Private Banking**

- 2016: 6,863 cards
- 2017: 1,339 cards
- 2016: 8,115 AUM
- 2017: 1,459 Size of Existing Customized WM Products
County Business: Contribution Steadily Rising

Rapid Growth in County Deposits and Loans

- **RMB100MM**
  - **Growth 7.7%**
    - **2016**: 64,211
    - **2017**: 69,157
  - **Growth 12.3%**
    - **2016**: 31,783
    - **2017**: 35,684

Increasing Overall Contribution of County Business

- **Growth 26.2%**
  - **2016**: 659
  - **2017**: 832
- **3.27%**
  - County Interest spread of Deposites and Loans
  - Higher 35 bps
  - **2.92%**

Remarkable Achievements of Financial Services in Key Areas

- **RMB100MM**
  - **Growth 108.6%**
    - **2016**: 1,668
    - **2017**: 3,479
  - **Growth 7.7%**
    - **2016**: 1,409
    - **2017**: 1,517
  - **Growth 22.1%**
    - **2016**: 2,746
    - **2017**: 3,353
  - **Growth 40.6%**
    - **2016**: 4,000
    - **2017**: 5,625

- **“Anjiadas” Loans for rural households**
  - **2016**: 1,668
  - **2017**: 3,479
- **Loans For Leading Agricultural Industrialization Companies**
  - **2016**: 1,409
  - **2017**: 1,517
- **Loans For Water Conservancy Construction**
  - **2016**: 2,746
  - **2017**: 3,353
- **Loans For County Area Urbanization**
  - **2016**: 4,000
  - **2017**: 5,625
Asset Management Business: Steady Development

Stable Development of Wealth Management Business

RMB100MM

<table>
<thead>
<tr>
<th>Year</th>
<th>Wealth Management AUM</th>
<th>% of Non-standard Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>15,773</td>
<td>20%</td>
</tr>
<tr>
<td>2016</td>
<td>16,312</td>
<td>14%</td>
</tr>
<tr>
<td>2017</td>
<td>17,608</td>
<td>28%</td>
</tr>
</tbody>
</table>

Continuous Growth in Assets Under Custody

RMB100MM

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension Under Management</td>
<td>3,721</td>
<td>4,334</td>
</tr>
<tr>
<td>Assets Under Custody</td>
<td>90,039</td>
<td>102,931</td>
</tr>
</tbody>
</table>

Rapid Growth in Precious Metals Trading

Tons

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gold Trading Volume</td>
<td>3,330</td>
<td>4,319</td>
</tr>
<tr>
<td>Silver Trading Volume</td>
<td>50,066</td>
<td>68,959</td>
</tr>
</tbody>
</table>

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

US$100MM

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign Exchange Agency Settlement and Trading Volume</td>
<td>2,743</td>
<td>3,484</td>
</tr>
</tbody>
</table>

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

China’s “No.1 Project” For Sannong

ABC’s Internet Finance

Revitalize Consumer-end Business

Strengthen Business-end Business

Corporate with Baidu

Improved Service Functions and Strengthened Corporate Business

10,000 clients

Growth 18.6%

Corporate E-banking Clients

2016: 448
2017: 532

Up 34%

Online Coverage of Corporate Products

2016: 51%
2017: 85%

Expedite Product Innovation and Motivate Retail Clients

10,000 clients

Growth 21%

Registered Customers Of Retail Internet Banking

2016: 1.9
2017: 2.2

Growth 57%

Active Mobile Banking Customers

2016: 4,156
2017: 6,536
### International Business and Comprehensive Operations: Improved Cross-border Multi-functional Service Capabilities

#### Enhanced Cross-border Service Capabilities

<table>
<thead>
<tr>
<th>US$100MM</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets of Overseas Institutions</td>
<td>1,093</td>
<td>1,222</td>
</tr>
<tr>
<td>Net Profits</td>
<td>3.52</td>
<td>6.61</td>
</tr>
</tbody>
</table>

Growth 11.2% | Growth 87.6%

#### Stable Development of Subsidiaries with Comprehensive Business

<table>
<thead>
<tr>
<th>RMB100MM</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>1,258</td>
<td>1,481</td>
<td>1,573</td>
</tr>
</tbody>
</table>

Growth 6.2%

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)
- 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)
- Tokyo Branch (2013)
- Sydney Branch (2014)
- Taipei Representative Office (2015)
- Macao Branch (2017)

#### Africa
- Sino-Congolese Bank (2015)
Financial Performance

Business Development

Future Outlook
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