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中国农业银行

AGRICULTURAL BANK OF CHINA

AGRICULTURAL BANK OF CHINA LIMITED

中國農業銀行股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1288)

THE THIRD QUARTERLY REPORT OF 2017

The Board of Directors (the “**Board**”) of Agricultural Bank of China Limited (the “**Bank**”) is pleased to announce the unaudited results of the Bank and its subsidiaries (collectively the “**Group**”) for the third quarter ended 30 September 2017, prepared under International Financial Reporting Standards (“**IFRS**”). This announcement is made in accordance with Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and Rule 13.09(2) and Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

§1 IMPORTANT NOTICE

- 1.1 The Board, the Board of Supervisors, Directors, Supervisors and Senior Management of the Bank undertake that the information stated in this quarterly report is authentic, accurate and complete and contains no false record, misleading statement or material omission, and assume individual and joint legal liabilities.
- 1.2 The Board reviewed and approved the Third Quarterly Report of 2017 at the 11th meeting (the “**Meeting**”) of 2017 held on 30 October 2017. 13 directors were entitled to attend and all of them attended the Meeting, among whom Mr. Francis YUEN Tin-fan and Mr. WEN Tiejun respectively designated Ms. XIAO Xing and Mr. WANG Xinxin in writing as their proxies to attend and vote on their behalf at the Meeting due to other business commitments.
- 1.3 The financial reports herein have not been audited.
- 1.4 Mr. ZHOU Mubing, legal representative of the Bank, Ms. ZHANG Keqiu, Executive Vice President in charge of finance, and Mr. YAO Mingde, General Manager of the Finance and Accounting Department of the Bank, hereby warrant and guarantee that the financial reports contained in this quarterly report are authentic, accurate and complete.

§2 CORPORATE INFORMATION

2.1 Basic corporate information

Stock exchange on which A shares are listed Stock name Stock code	Shanghai Stock Exchange 農業銀行 601288
Stock exchange on which H shares are listed Stock name Stock code	The Stock Exchange of Hong Kong Limited ABC 1288
Trading exchange and platform of preference shares Stock name Stock code	The Integrated Business Platform of Shanghai Stock Exchange 農行優1, 農行優2 360001, 360009
Board Secretary and Company Secretary	ZHANG Keqiu Address: No. 69, Jianguomen Nei Avenue, Dongcheng District, Beijing, PRC (Postal code: 100005) Tel: 86-10-85109619 (Investors enquiry) Fax: 86-10-85108557 E-mail: ir@abchina.com

2.2 Major financial data

Financial data and indicators recorded in this quarterly financial report are the data of the Group prepared in accordance with IFRS and denominated in Renminbi (“**RMB**”), unless otherwise stated.

2.2.1 Major financial data and indicators

In millions of RMB, unless otherwise stated

	30 September 2017	31 December 2016	Change as compared to the end of 2016 (%)
Total assets	20,923,117	19,570,061	6.91
Loans and advances to customers, net	10,236,912	9,319,364	9.85
Deposits with banks and other financial institutions	173,228	622,665	(72.18)
Placements with and loans to banks and other financial institutions	454,416	580,949	(21.78)
Investment in securities and other financial assets, net	6,001,735	5,333,535	12.53
Total liabilities	19,513,757	18,248,470	6.93
Deposits from customers	16,370,168	15,038,001	8.86
Deposits from banks and other financial institutions	928,519	1,156,044	(19.68)
Placements from banks and other financial institutions	257,801	302,021	(14.64)
Equity attributable to equity holders of the Bank	1,405,981	1,318,193	6.66
Net assets per share (in RMB Yuan)	4.08	3.81	7.09

	Three months ended 30 September 2017 (July-September)	Change as compared to the same period of 2016 (%)	Nine months ended 30 September 2017 (January-September)	Change as compared to the same period of 2016 (%)
Operating income	132,826	4.84	412,145	5.90
Net profit	51,472	4.78	160,142	3.87
Net profit attributable to equity holders of the Bank	51,417	4.89	160,010	3.79
Net cash flow from operating activities	N/A	N/A	596,134	17.01
Basic earnings per share (in RMB Yuan)	0.16	6.67	0.49	4.26
Diluted earnings per share (in RMB Yuan)	0.16	6.67	0.49	4.26
Return on weighted average net assets (annualized, %) ¹	15.76	Decreased by 0.55 percentage point	16.35	Decreased by 0.75 percentage point

Note: 1. Computed by dividing the amount of annualized net profit attributable to equity holders of the Bank less the dividends on preference shares declared in the period, by the weighted average net assets.

2.2.2 Differences between the financial statements prepared under IFRS and Generally Accepted Accounting Principles of the People's Republic of China ("PRC GAAP")

There were no differences between the net profit or shareholder's equity in the consolidated financial statements prepared under IFRSs and the corresponding figures prepared in accordance with PRC GAAP.

2.3 Particulars of shareholding of ordinary shares at the end of the reporting period

At the end of the reporting period, the Bank had 357,646 shareholders of ordinary shares in total, including 24,906 shareholders of H shares and 332,740 shareholders of A shares.

Particulars of shareholding of the top 10 shareholders of ordinary shares (based on the registers of shareholders as at 30 September 2017)

Unit: Share

Name of shareholders	Nature of shareholder	Type of shares	Shareholding percentage (%)	Total number of shares held	Number of shares subject to restrictions on sales	Number of pledged or locked-up shares
Central Huijin Investment Ltd.	State-owned	A shares	40.03	130,005,103,782	–	None
Ministry of Finance of the PRC	State-owned	A shares	39.21	127,361,764,737	–	None
HKSCC Nominees Limited	Overseas legal entity	H shares	9.40	30,537,632,775	–	Unknown
National Council for Social Security Fund of the PRC	State-owned	A shares	3.02	9,797,058,826	–	None
China Securities Finance Corporation Limited	State-owned legal entity	A shares	1.80	5,843,686,536	–	None
Central Huijin Asset Management Ltd.	State-owned legal entity	A shares	0.39	1,255,434,700	–	None
Wutongshu Investment Platform Co., Ltd.	State-owned legal entity	A shares	0.30	980,723,700	–	None
China Shuangwei Investment Co., Ltd.	State-owned legal entity	A shares	0.23	746,268,000	–	None
China Railway Construction Investment Co. Ltd	State-owned legal entity	A shares	0.23	742,974,000	–	None
China Life Insurance Company Limited – Dividend distribution – Individual dividend – 005L – FH002Hu	Other	A shares	0.20	660,021,323	–	None

- Notes:*
- 1 Particulars of shareholding of holders of H shares were based on the number of shares as recorded in the registers of shareholders of the Bank maintained by the H shares registrar.
 - 2 All the shares held by HKSCC Nominees Limited represent the total number of H shares held by it as a nominee on behalf of all the institutional and individual investors that opened an account and registered with it as at 30 September 2017.
 - 3 Among the above shareholders, apart from Central Huijin Asset Management Ltd. is a wholly-owned subsidiary of Central Huijin Investment Ltd., the Bank is not aware of any connection between the above shareholders or whether they are parties acting in concert.
 - 4 The top 10 shareholders of ordinary shares not subject to the restrictions on sales of the Bank are the same with the top 10 shareholders of ordinary shares.

2.4 Particulars of shareholding of preference shares at the end of the reporting period

The Bank had a total of 25 holders¹ of preference shares of “農行優1” (stock code: 360001) and 28 holders¹ of preference shares of “農行優2” (stock code: 360009).

Particulars of shareholding of the top 10 holders of preference shares of “農行優1” (stock code: 360001) (based on the registers of shareholders as at 30 September 2017)

Unit: Share

Name of shareholders	Nature of shareholder	Type of shares	Preference shareholding percentage (%)	Number of preference shares held	Number of pledged or locked-up shares
Bank of Communications Schroder Fund Management Co., Ltd.	Other	Domestic preference shares	15.00	60,000,000	None
China Merchants Fund Management Co., Ltd.	Other	Domestic preference shares	12.25	49,000,000	None
Beijing Tiandi Fangzhong Asset Management Co., Ltd.	Other	Domestic preference shares	8.75	35,000,000	None
Anbang Insurance Group Co., Ltd.	Other	Domestic preference shares	7.50	30,000,000	None
Ping An Life Insurance Co., Ltd.	Other	Domestic preference shares	7.50	30,000,000	None
PICC Life Insurance Company Limited	Other	Domestic preference shares	7.50	30,000,000	None
Beijing International Trust Co., Ltd.	Other	Domestic preference shares	7.50	30,000,000	None
Zhonghai Trust Co., Ltd.	Other	Domestic preference shares	5.00	20,000,000	None
Bank of Ningbo Co., Ltd.	Other	Domestic preference shares	3.75	15,000,000	None
Bank of Beijing Scotiabank Asset Management Co., Ltd.	Other	Domestic preference shares	3.00	12,000,000	None

¹ The number of holders of preference shares was calculated by the number of qualified investors that held the preference shares. When calculating the number of the qualified investors, an asset management institution that purchases the preference shares through two or more products under its control will be counted as one.

- Notes:* 1 The Bank is not aware of any connections between the above shareholders of preference shares or between the above shareholders of preference shares and top 10 shareholders of ordinary shares or whether they are parties acting in concert.
- 2 “Preference Shareholding percentage” refers to the proportion of the number of preference shares of “農行優1” held by the shareholders of preference shares to the total number of preference shares of “農行優1” (i.e 400 million shares).

**Particulars of shareholding of the top 10 holders of preference shares of “農行優2”
(stock code: 360009) (based on the registers of shareholders as at 30 September 2017)**

Unit: Share

Name of shareholders	Nature of shareholder	Type of shares	Preference shareholding percentage (%)	Number of preference shares held	Number of pledged or locked-up shares
China Life Insurance Company Limited	Other	Domestic preference shares	12.50	50,000,000	None
China National Tobacco Corporation	Other	Domestic preference shares	12.50	50,000,000	None
Beijing Chance Capital Management Co., Ltd.	Other	Domestic preference shares	6.25	25,000,000	None
Maxwealth Fund Management Co., Ltd.	Other	Domestic preference shares	6.25	25,000,000	None
China Mobile Communications Corporation	Other	Domestic preference shares	5.00	20,000,000	None
Shanghai Wisdom Asset Management Co., Ltd.	Other	Domestic preference shares	5.00	20,000,000	None
Bank of Communications Schroder Fund Management Co., Ltd.	Other	Domestic preference shares	5.00	20,000,000	None
Bank of China Limited, Shanghai Branch	Other	Domestic preference shares	5.00	20,000,000	None
China National Tobacco Corporation Jiangsu Province Company	Other	Domestic preference shares	5.00	20,000,000	None
China National Tobacco Corporation Yunnan Province Company	Other	Domestic preference shares	5.00	20,000,000	None

- Notes:* 1 China Shuangwei Investment Corporation Ltd., China National Tobacco Corporation Jiangsu Province Company and China National Tobacco Corporation Yunnan Province Company are wholly-owned subsidiaries of China National Tobacco Corporation. China Life Insurance Company Limited – Dividend distribution – Individual dividend – 005L – FH002Hu is managed by China Life Insurance Company Limited. Save as mentioned above, the Bank is not aware of any connections between the above shareholders of preference shares or between the above shareholders of preference shares and top 10 shareholders of ordinary shares or whether they are parties acting in concert.
- 2 “Preference Shareholding percentage” refers to the proportion of the number of preference shares of “農行優2” held by the shareholders of preference shares to the total number of preference shares of “農行優2” (i.e 400 million shares).

“農行優1” and “農行優2”, preference shares of the Bank, are shares not subject to the restrictions on sales. The top 10 shareholders of preference shares not subject to the restrictions on sales of “農行優1” and “農行優2” are the same with the top 10 shareholders of preference shares of each.

§3 BRIEF ANALYSIS ON OVERALL OPERATING ACTIVITIES IN THE THIRD QUARTER

(The financial data herein are presented in RMB unless otherwise indicated.)

Financial results

For the nine months ended 30 September 2017, the Group achieved a net profit of RMB160,142 million, representing an increase of 3.87% over the same period of 2016. Our annualized return on average total assets and annualized return on weighted average net assets were 1.05% and 16.35%, representing a decrease of 0.07 percentage point and a decrease of 0.75 percentage point, over the same period of 2016, respectively. We achieved basic earnings per share of RMB0.49, representing an increase of RMB0.02 over the same period of 2016.

For the nine months ended 30 September 2017, the Group achieved an operating income of RMB412,145 million, representing an increase of 5.90% over the same period of 2016. Net interest income amounted to RMB324,260 million, representing an increase of 8.77% over the same period of 2016. Net fee and commission income amounted to RMB58,137 million, representing a decrease of 20.51% over the same period of 2016, which was mainly due to the ending of assets disposal business on behalf of the MOF at the end of 2016. Operating expenses amounted to RMB145,360 million, representing an increase of 6.31% over the same period of 2016. Cost-to-income ratio (under PRC GAAP) amounted to 29.43%, representing a decrease of 1.49 percentage points over the same period of 2016. Impairment losses on assets amounted to RMB71,623 million, representing an increase of RMB11,088 million over the same period of 2016, of which impairment losses on loans was RMB66,996 million.

Assets and liabilities

At 30 September 2017, the Group's total assets amounted to RMB20,923,117 million, representing an increase of RMB1,353,056 million or 6.91% compared to the end of 2016. Total loans and advances to customers amounted to RMB10,644,608 million, representing an increase of RMB924,969 million or 9.52% compared to the end of 2016, among which, corporate loans, retail loans, discounted bills and overseas and other loans amounted to RMB6,216,308 million, RMB3,847,368 million, RMB159,777 million and RMB421,155 million, respectively. Net investments in securities and other financial assets increased by RMB668,200 million or 12.53% compared to the end of 2016 to RMB6,001,735 million.

Total liabilities increased by RMB1,265,287 million or 6.93% compared to the end of 2016 to RMB19,513,757 million. Deposits from customers increased by RMB1,332,167 million or 8.86% compared to the end of 2016 to RMB16,370,168 million. In terms of the maturity of deposits, time deposits, demand deposits and other deposits amounted to RMB6,515,438 million, RMB9,348,964 million and RMB505,766 million, respectively. In terms of business line, corporate deposits, retail deposits and other deposits amounted to RMB6,511,971 million, RMB9,352,431 million and RMB505,766 million, respectively.

Shareholders' equity increased by RMB87,769 million or 6.64% compared to the end of 2016 to RMB1,409,360 million, with ordinary shares of RMB324,794 million, preference shares of RMB79,899 million, capital reserve of RMB98,773 million, investment revaluation reserve of RMB-10,102 million, surplus reserve of RMB115,140 million, general reserve of RMB230,314 million, retained earnings of RMB566,666 million and foreign currency translation reserve of RMB497 million, respectively.

Assets quality

At 30 September 2017, the Group's non-performing loans amounted to RMB209,834 million, representing a decrease of RMB21,000 million compared to the end of 2016. Non-performing loan ratio was 1.97%, representing a decrease of 0.4 percentage point compared to the end of 2016. Allowance to non-performing loans was 194.29%, representing an increase of 20.89 percentage points compared to the end of 2016.

County Area Banking Business

At 30 September 2017, total loans and advances to customers of County Area Banking Business amounted to RMB3,544,323 million, representing an increase of RMB365,978 million or 11.51% compared to the end of 2016. Deposits from customers of County Area Banking Business amounted to RMB6,977,560 million, representing an increase of RMB556,493 million or 8.67% compared to the end of 2016.

Non-performing loan ratio of County Area Banking Business amounted to 2.62%, representing a decrease of 0.38 percentage point compared to the end of 2016. Allowance to non-performing loans was 182.14%, representing an increase of 11.84 percentage points compared to the end of 2016.

§4 SIGNIFICANT EVENTS

4.1 Significant changes in major financial statements items and financial indicators and the reasons thereof

√ Applicable □ Not Applicable

Compared with the end of 2016 or the same period of 2016, items of major consolidated financial statements and financial indicators with changes over 30% and the main reasons thereof are as follows:

In millions of RMB, except for percentages

Item	January to September 2017	January to September 2016	Change over the same period of 2016 (%)	Major reasons for change
Fee and commission expenses	(8,376)	(5,396)	55.23	The increase in fee expenses of bank cards business
Net trading (loss)/gain	(4,690)	2,711	(273.00)	The increase in loss on derivative financial instruments for foreign exchange rate
Net gain/(loss) on financial instruments designated at fair value through profit or loss	826	(522)	–	The decrease in loss on principal guaranteed wealth management products and the increase in fair value of subsidiaries' equity investment
Net gain on investment securities	36	930	(96.13)	Loss on investment in available-for-sale debt securities
Other operating income	33,576	14,819	126.57	The increase in operating income of subsidiaries
Share of result of associate	8	(9)	–	The increase in profit of associate
Profit attributable to non-controlling interests	132	5	2,540.00	The increase in profit of non-wholly owned subsidiaries
Other comprehensive income, net of tax	(14,959)	2,381	(728.27)	The decrease in fair value of available-for-sale financial assets
Total comprehensive income attributable to non-controlling interests	(19)	(165)	(88.48)	The increase in profit of non-wholly owned subsidiaries

In millions of RMB, except for percentages

Item	30 September 2017	31 December 2016	Change over the end of 2016 (%)	Major reasons for change
Deposits with banks and other financial institutions	173,228	622,665	(72.18)	The decrease in cooperative deposits with banks to improve the structure of interbank assets
Financial assets held for trading	162,292	123,618	31.29	The increase in the transaction volume of precious metal lease-out business
Financial assets held under resale agreements	542,549	323,051	67.95	The increase in bonds held under resale agreements
Borrowings from central banks	446,750	291,052	53.49	The increase in Medium-term Lending Facility
Financial assets sold under repurchase agreements	123,820	205,832	(39.84)	The decrease in bonds sold under repurchase agreements
Investment revaluation reserve	(10,102)	3,578	(382.34)	The decrease in fair value of available-for-sale financial assets
Foreign currency translation reserve	497	1,625	(69.42)	Changes in foreign currency translation of overseas institutions' statements

4.2 Progress of significant events and analysis on their effects and solutions

☒ Applicable ☐ Not Applicable

The issuance of qualified tier-2 capital instruments of not exceeding RMB80 billion was approved at the 2016 first extraordinary general meeting held by the Bank on 8 March 2016, which will remain valid until 31 December 2018.

The Bank received the approval from the CBRC and the People's Bank of China on 9 August 2017 and 25 September 2017, respectively, pursuant to which the Bank was approved to publicly issue tier-2 capital bonds of not exceeding RMB40 billion in the national inter-bank bond market.

The Bank successfully issued tier-2 capital bonds in an amount of RMB40 billion in the national inter-bank bond market on 17 October 2017. Please refer to the announcement published by the Bank on the website of Shanghai Stock Exchange (www.sse.com.cn) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk) for details.

4.3 Matters relating to undertakings which have passed the performance deadline and not yet performed or completed during the reporting period

☐ Applicable ☒ Not Applicable

4.4 Implementation of cash dividend policy during the reporting period

☒ Applicable ☐ Not Applicable

Upon approval by the Bank's annual general meeting for 2016, the Bank has paid cash dividend of RMB1.70 per 10 shares (tax inclusive) or approximately RMB55,215 million (tax inclusive) in aggregate to its shareholders of A shares and shareholders of H shares whose names appeared on the register of members at the close of business on 12 July 2017.

During the reporting period, the Bank did not pay any dividends on preference shares.

4.5 Warnings and explanations on estimated loss or significant change (as compared to the same period of last year) in net accumulated profit from the beginning of the year to the end of the next reporting period

☐ Applicable ☒ Not Applicable

§5 RELEASE OF QUARTERLY REPORT

The quarterly report prepared under IFRSs will be published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Bank (www.abchina.com). The quarterly report prepared under PRC GAAP will be simultaneously published on the website of the Shanghai Stock Exchange (www.sse.com.cn) and the website of the Bank (www.abchina.com).

By Order of the Board
Agricultural Bank of China Limited
ZHANG Keqiu
Company Secretary

Beijing, the PRC
30 October 2017

As at the date of this announcement, the executive directors of the Bank are Mr. ZHOU Mubing and Mr. ZHAO Huan; the non-executive directors are Mr. ZHAO Chao, Mr. ZHANG Dinglong, Mr. CHEN Jianbo, Mr. HU Xiaohui, Mr. XU Jiandong and Mr. LIAO Luming; and the independent non-executive directors are Mr. WEN Tiejun, Mr. Francis YUEN Tin-fan, Ms. XIAO Xing, Mr. WANG Xinxin and Mr. HUANG Zhenzhong.

APPENDIX I CAPITAL ADEQUACY RATIO INFORMATION FOR THE THIRD QUARTER OF 2017

On 2 April 2014, the Bank was officially approved by the China Banking Regulatory Commission (“CBRC”) to implement the foundation Internal Rating-Based (IRB) approach for non-retail exposures, IRB approach for retail exposures, and the standardized approach for operational risk, both at the Bank and the Group level. Thereby, the Bank became one of the first batch of banks which were approved for adopting the advanced approaches of capital management. In accordance with the requirements under the *Capital Rules for Commercial Banks (Provisional)*, CBRC determined the parallel run period for the commercial banks approved to adopt the advanced approaches of capital management. During the parallel run period, the commercial banks shall calculate their capital adequacy ratios under both the advanced approaches and other approaches, and comply with the capital floor requirements. In January 2017, the Bank was approved by CBRC to adopt the internal model approach (IMA) for market risk, unifying the main ruler of non-retail rating in both domestic and overseas, and exempting the restriction that the amount of risk-weighted assets of retail exposure in IRB approach shall be no less than the amount based on weighting approach. The scope of implementation of the advanced approaches for capital management was further expanded.

As of 30 September 2017, the Bank adopted the foundation IRB approach for non-retail exposures and IRB approach for retail exposures to measure credit risk-weighted assets. Weighting approach was adopted to measure certain credit risk-weighted assets uncovered by IRB approach. IMA was adopted to measure market risk-weighted assets and standardized approach was adopted to measure operational risk-weighted assets. The table below sets out the net capital, risk-weighted assets and capital adequacy ratios pursuant to the *Capital Rules for Commercial Banks (Provisional)*.

In millions of RMB, except for percentages

Item	30 September 2017		31 December 2016	
	The Group	The Bank	The Group	The Bank
CET 1 capital, net	1,318,773	1,297,762	1,231,030	1,221,815
Tier 1 capital, net	1,398,679	1,377,661	1,310,934	1,301,714
Total capital, net	1,669,218	1,647,967	1,546,500	1,538,282
Risk-weighted assets	12,460,054	12,381,959	11,856,530	11,749,661
CET 1 capital adequacy ratio	10.58%	10.48%	10.38%	10.40%
Tier 1 capital adequacy ratio	11.23%	11.13%	11.06%	11.08%
Capital adequacy ratio	13.40%	13.31%	13.04%	13.09%

The consolidated and unconsolidated capital adequacy ratios of the Bank calculated in accordance with the *Rules for the Management of Capital Adequacy Ratio of Commercial Banks* (Decree of CBRC [2007] No.11) are shown below.

Item	30 September 2017		31 December 2016	
	The Group	The Bank	The Group	The Bank
Core capital adequacy ratio	10.00%	9.95%	10.32%	10.34%
Capital adequacy ratio	12.42%	12.33%	13.13%	13.15%

APPENDIX II LIQUIDITY COVERAGE RATIO INFORMATION

The Bank disclosed the following information of liquidity coverage ratio regarding the related regulations by the China Banking Regulatory Commission (“CBRC”).

Regulatory Requirements of Liquidity Coverage Ratio

In accordance with the “Rules on Liquidity Risk Management of Commercial Banks (Provisional)” issued by CBRC, it is required that the liquidity coverage ratio of commercial banks should reach 100% by the end of 2018. During the transition period, the liquidity coverage ratio should reach 60%, 70%, 80% and 90% by the end of 2014, 2015, 2016 and 2017, respectively. Eligible commercial banks were encouraged to fulfill the requirements in advance within the transition period. In addition, in accordance with the *Rules on Disclosure of Liquidity Coverage Ratio Information of Commercial Banks* issued by CBRC, commercial banks are required to disclose the liquidity coverage ratio information at the same frequency as issuing their financial reports, and to disclose the simple average of the liquidity coverage ratio based on daily data in every quarter from 2017 and the number of daily data adopted in calculation of such average.

Liquidity Coverage Ratio

The Bank calculated its liquidity coverage ratio in accordance with the “Rules on Liquidity Risk Management of Commercial Banks (Provisional)” and applicable calculation requirements. The average of daily liquidity coverage ratio of the Bank was 128.2% in the third quarter of 2017. 92 numerical values had been adopted in calculation of such average. The figure represented a decrease of 3 percentage points over the previous quarter. The decrease was mainly due to the rise in expected total cash outflows in the distressed scenario caused by surging non-operational deposits (all counterparties) with respect to unsecured wholesale funding and no effective increase in adjusted high-quality liquid assets as a result of failure of incorporating partial level 2 assets on the basis of calculation for high-quality liquid assets due to level 2 assets reaching the ceiling of relative proportion into the high-quality liquid assets of the Bank based on the regulatory requirements. The average of daily liquidity coverage ratio of the Bank in the third quarter of 2017 showed a situation of being firstly downside and then upside and again downside. In July, the average of daily liquidity coverage ratio *recorded slight decline as compared to the previous month* due to the decrease in high-quality liquid assets. In August, the average of daily liquidity coverage ratio recorded growth *as compared to the previous month* due to the increase in high-quality liquid assets. In September, the average of daily liquidity coverage ratio recorded decline *as compared to the previous month due to the increase in unsecured wholesale funding*. The averages of the observations of the daily liquidity coverage ratio and individual line items over the third quarter in 2017 are as follows:

In ten thousands of RMB, except for percentages

No.		TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
HIGH-QUALITY LIQUID ASSETS			
1	Total high-quality liquid assets (HQLA)		442,861,191
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers, of which:	973,564,531	89,461,283
3	Stable deposits	157,897,354	7,894,565
4	Less stable deposits	815,667,177	81,566,718
5	Unsecured wholesale funding, of which:	623,310,559	250,640,148
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	179,883,885	43,701,184
7	Non-operational deposits (all counterparties)	439,529,683	203,041,973
8	Unsecured debt	3,896,991	3,896,991
9	Secured wholesale funding		568,513
10	Additional requirements, of which:	201,580,684	47,501,302
11	Outflows related to derivative exposures and other collateral requirements	33,400,590	33,400,590
12	Outflows related to loss of funding on debt products	215,663	215,663
13	Credit and liquidity facilities	167,964,431	13,885,049
14	Other contractual funding obligations ⁽¹⁾	37,103,811	37,103,811
15	Contingent funding obligations ⁽²⁾	100,154,578	2,474,238
16	TOTAL CASH OUTFLOWS		427,749,295
CASH INFLOWS			
17	Secured lending (e.g. reverse repos and borrowed securities)	17,813,022	17,813,022
18	Inflows from fully performing exposures	71,097,604	37,288,584
19	Other cash inflows	35,021,581	35,021,581
20	TOTAL CASH INFLOWS	123,932,207	90,123,187
			TOTAL ADJUSTED VALUE
21	TOTAL HQLA		432,861,366
22	TOTAL NET CASH OUTFLOWS		337,626,108
23	LIQUIDITY COVERAGE RATIO (%)		128.2%

- (1) Total unweighted value and total weighted value of other contractual funding obligations of the Bank was RMB316,994.74 million and RMB316,994.74 million respectively in 2015, and RMB356,289.84 million and RMB356,289.84 million respectively in 2016 as well as RMB383,539.72 million and RMB383,539.72 million respectively in the first quarter of 2017, and RMB382,753.16 million and RMB382,753.16 million respectively in the second quarter of 2017. Such adjustments have no effect on other data and indicators in the tables of previous reporting periods.
- (2) Total unweighted value and total weighted value of the contingent funding obligations of the Bank was RMB761,085.49 million and RMB18,840.37 million respectively in 2015, and RMB796,418.46 million and RMB19,685.55 million respectively in 2016 as well as RMB660,721.46 million and RMB16,180.62 million respectively in the first quarter of 2017, and RMB738,753.90 million and RMB18,135.06 million respectively in the second quarter of 2017. Such adjustments have no effect on other data and indicators in the tables of previous reporting periods.

APPENDIX III LEVERAGE RATIO INFORMATION

As at 30 September 2017, the Bank's leverage ratio, calculated in accordance with the *Rules for the Administration of the Leverage Ratio of Commercial Banks (Revised)* issued by the CBRC, was 6.26%, which was higher than the regulatory requirement.

In millions of RMB, except for percentages

Item	30 September 2017	30 June 2017	31 March 2017	31 December 2016
Tier 1 capital, net	1,398,679	1,348,286	1,355,629	1,310,934
Adjusted on- and off-balance sheet assets	22,327,545	22,217,208	22,112,817	20,902,972
Leverage ratio	6.26%	6.07%	6.13%	6.27%

APPENDIX IV FINANCIAL STATEMENTS PREPARED UNDER IFRS

AGRICULTURAL BANK OF CHINA LIMITED

CONSOLIDATED INCOME STATEMENT

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017

(Amounts in millions of Renminbi, unless otherwise stated)

	Three months ended 30 September		Nine months ended 30 September	
	2017 (Unaudited)	2016 (Unaudited)	2017 (Unaudited)	2016 (Unaudited)
Interest income	181,508	162,403	526,108	492,163
Interest expense	(68,571)	(63,239)	(201,848)	(194,042)
Net interest income	112,937	99,164	324,260	298,121
Fee and commission income	19,251	24,091	66,513	78,537
Fee and commission expense	(3,579)	(2,058)	(8,376)	(5,396)
Net fee and commission income	15,672	22,033	58,137	73,141
Net trading (loss)/gain	(3,320)	1,380	(4,690)	2,711
Net gain/(loss) on financial instruments designated at fair value through profit or loss	219	740	826	(522)
Net (loss)/gain on investment securities	(272)	315	36	930
Other operating income	7,590	3,064	33,576	14,819
Operating income	132,826	126,696	412,145	389,200
Operating expenses	(43,946)	(42,425)	(145,360)	(136,734)
Impairment losses on assets	(26,926)	(23,800)	(71,623)	(60,535)
Operating profit	61,954	60,471	195,162	191,931
Share of result of associate	6	(6)	8	(9)
Profit before tax	61,960	60,465	195,170	191,922
Income tax expense	(10,488)	(11,341)	(35,028)	(37,747)
Profit for the period	51,472	49,124	160,142	154,175
Attributable to:				
Equity holders of the Bank	51,417	49,022	160,010	154,170
Non-controlling interests	55	102	132	5
	51,472	49,124	160,142	154,175
Earnings per share attributable to the ordinary equity holders of the Bank (expressed in RMB yuan per share)				
- Basic and diluted	0.16	0.15	0.49	0.47

AGRICULTURAL BANK OF CHINA LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017

(Amounts in millions of Renminbi, unless otherwise stated)

	Three months ended 30 September		Nine months ended 30 September	
	2017	2016	2017	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period	<u>51,472</u>	<u>49,124</u>	<u>160,142</u>	<u>154,175</u>
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Fair value changes on available-for-sale financial assets	(281)	6,368	(18,382)	2,325
Income tax impact for fair value changes on available-for-sale financial assets	118	(1,565)	4,551	(564)
Foreign currency translation differences	<u>(391)</u>	<u>297</u>	<u>(1,128)</u>	<u>620</u>
Other comprehensive income, net of tax	<u>(554)</u>	<u>5,100</u>	<u>(14,959)</u>	<u>2,381</u>
Total comprehensive income for the period	<u>50,918</u>	<u>54,224</u>	<u>145,183</u>	<u>156,556</u>
Total comprehensive income attributable to:				
Equity holders of the Bank	50,780	54,103	145,202	156,721
Non-controlling interests	<u>138</u>	<u>121</u>	<u>(19)</u>	<u>(165)</u>
	<u>50,918</u>	<u>54,224</u>	<u>145,183</u>	<u>156,556</u>

AGRICULTURAL BANK OF CHINA LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2017

(Amounts in millions of Renminbi, unless otherwise stated)

	30 September 2017 (Unaudited)	31 December 2016 (Audited)
Assets		
Cash and balances with central banks	2,916,248	2,811,653
Deposits with banks and other financial institutions	173,228	622,665
Precious metals	68,680	59,105
Placements with and loans to banks and other financial institutions	454,416	580,949
Financial assets held for trading	162,292	123,618
Financial assets designated at fair value through profit or loss	341,727	294,337
Derivative financial assets	22,740	31,460
Financial assets held under resale agreements	542,549	323,051
Loans and advances to customers	10,236,912	9,319,364
Available-for-sale financial assets	1,421,392	1,408,881
Held-to-maturity investments	3,400,583	2,882,152
Debt instruments classified as receivables	675,741	624,547
Investment in associate	221	213
Property and equipment	152,189	158,669
Goodwill	1,381	1,381
Deferred tax assets	95,146	83,187
Other assets	257,672	244,829
Total assets	20,923,117	19,570,061
Liabilities		
Borrowings from central banks	446,750	291,052
Deposits from banks and other financial institutions	928,519	1,156,044
Placements from banks and other financial institutions	257,801	302,021
Financial liabilities held for trading	18,722	17,504
Financial liabilities designated at fair value through profit or loss	316,929	283,666
Derivative financial liabilities	23,836	20,758
Financial assets sold under repurchase agreements	123,820	205,832
Due to customers	16,370,168	15,038,001
Debt securities issued	451,352	388,215
Deferred tax liabilities	52	58
Other liabilities	575,808	545,319
Total liabilities	19,513,757	18,248,470

AGRICULTURAL BANK OF CHINA LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)**

AS AT 30 SEPTEMBER 2017

(Amounts in millions of Renminbi, unless otherwise stated)

	30 September 2017 (Unaudited)	31 December 2016 (Audited)
Equity		
Ordinary shares	324,794	324,794
Preference shares	79,899	79,899
Capital reserve	98,773	98,773
Investment revaluation reserve	(10,102)	3,578
Surplus reserve	115,140	115,136
General reserve	230,314	198,305
Retained earnings	566,666	496,083
Foreign currency translation reserve	497	1,625
Equity attributable to equity holders of the Bank	1,405,981	1,318,193
Non-controlling interests	3,379	3,398
Total equity	1,409,360	1,321,591
Total equity and liabilities	20,923,117	19,570,061

The consolidated financial statements on page I to VI were approved and authorized for issue by the Board of Directors on 30 October 2017 and are signed on its behalf by:

Zhou Mubing

Chairman

Zhao Huan

Vice Chairman

AGRICULTURAL BANK OF CHINA LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017

(Amounts in millions of Renminbi, unless otherwise stated)

	Nine months ended 30 September	
	2017	2016
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	195,170	191,922
Adjustments for:		
Amortization of intangible assets and other assets	2,066	2,062
Depreciation of property and equipment	11,505	12,080
Impairment losses on assets	71,623	60,535
Interest income arising from investment securities	(136,202)	(123,706)
Interest income arising from impaired loans and advances to customers	(1,284)	(1,692)
Interest expense on debt securities issued	9,905	8,981
Revaluation loss on financial instruments at fair value through profit or loss	8,771	1,083
Net gain on investment securities	(36)	(930)
Share of result of associate	(8)	9
Net gain on disposal of property, equipment and other assets	(492)	(97)
Net foreign exchange loss/(gain)	3,176	(11,179)
	<u>164,194</u>	<u>139,068</u>
Net change in operating assets and operating liabilities:		
Net decrease/(increase) in balances with central banks, deposits with banks and other financial institutions	203,630	(14,151)
Net decrease/(increase) in placements with and loans to banks and other financial institutions	163,741	(65,330)
Net decrease in financial assets held under resale agreements	51,405	179,951
Net increase in loans and advances to customers	(1,008,646)	(748,687)
Net increase in borrowings from central banks	155,698	70,458
Net decrease in placements from banks and other financial institutions	(44,220)	(15,078)
Net increase in due to customers and deposits from banks and other financial institutions	1,104,642	1,154,886
Increase in other operating assets	(139,247)	(103,935)
Decrease in other operating liabilities	(20,879)	(32,731)
Cash from operations	630,318	564,451
Income tax paid	(34,184)	(54,961)
NET CASH FROM OPERATING ACTIVITIES	<u>596,134</u>	<u>509,490</u>

AGRICULTURAL BANK OF CHINA LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017

(Amounts in millions of Renminbi, unless otherwise stated)

	Nine months ended 30 September	
	2017	2016
	(Unaudited)	(Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from disposal/redemption of investment securities	1,346,833	932,656
Cash received from interest income arising from investment securities	139,802	116,099
Cash received from disposal of property, equipment and other assets	1,231	308
Cash paid for purchase of investment securities	(1,911,610)	(1,600,661)
Cash paid for purchase of property, equipment and other assets	(8,700)	(8,928)
NET CASH USED IN INVESTING ACTIVITIES	(432,444)	(560,526)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from debt securities issued	506,329	575,020
Capital contribution from non-controlling interests	-	961
Cash payments for transaction cost of debt securities issued	(1)	(23)
Repayments of debt securities issued	(434,052)	(554,888)
Cash payments for interest on debt securities issued	(9,280)	(8,460)
Dividends paid to:	(57,415)	(56,377)
Ordinary shareholders	(55,215)	(54,176)
Preference shareholders	(2,200)	(2,200)
Non-controlling interests	-	(1)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	5,581	(43,767)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	169,271	(94,803)
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	827,698	821,969
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(3,827)	4,868
CASH AND CASH EQUIVALENTS AS AT 30 SEPTEMBER	993,142	732,034