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

Pillar 3 Report for the Third Quarter of 2024

Contents

1. Introduction

In accordance with the *Rules on Capital Management of Commercial Banks* (NFRA [2023] No. 4) and relevant regulations, the Pillar 3 Report for the Third Quarter of 2024 of Agricultural Bank of China Limited was prepared and disclosed. The report includes the overview of risk management, key prudential regulatory metrics and risk-weighted assets, macro prudential regulatory measures, leverage ratio and liquidity risk.

The Bank sets up a sound disclosure governance structure, in which an effective internal control procedure is approved by the Board of Directors and implemented by the Senior Management to reasonably review the disclosure content, in order to ensure the accuracy and reliability of the Pillar 3 disclosures. On 30 October 2024, the Board of Directors of the Bank reviewed and approved this report in the 9th meeting of 2024.

2. Overview of risk management, key prudential regulatory metrics and risk-weighted assets

2.1 KM1: Key prudential regulatory metrics at consolidated level

In millions of RMB, except for percentages

		a	b	c
		30 September 2024	**30 June 2024**	**31 March 2024**
Available capital (amounts)				
1	Common Equity Tier 1 (CET1) capital, net	2,536,956	2,461,676	2,461,497
2	Tier 1 capital, net	2,996,528	3,041,241	2,981,070
3	Total capital, net	4,010,473	4,080,093	3,983,317
Risk-weighted assets (amounts)				
4	Total risk-weighted assets (RWA)	22,222,837	22,109,317	21,651,943
4a	Total risk-weighted assets (before the capital floor)	22,222,837	22,109,317	21,651,943
Capital adequacy ratio				
5	CET 1 ratio (%)	11.42%	11.13%	11.37%
5a	CET 1 ratio (%) (before the capital floor)	11.42%	11.13%	11.37%
6	Tier 1 ratio (%)	13.48%	13.76%	13.77%
6a	Tier 1 ratio (%) (before the capital floor)	13.48%	13.76%	13.77%
7	Total capital ratio (%)	18.05%	18.45%	18.40%
7a	Total capital ratio (%) (before the capital floor)	18.05%	18.45%	18.40%
Additional CET1 buffer requirements				
8	Capital conservation buffer requirement (%)	2.50%	2.50%	2.50%
9	Countercyclical buffer requirement (%)	0.00%	0.00%	0.00%
10	Bank G-SIB and/or D-SIB buffer requirements (%) [1]	1.00%	1.00%	1.00%
11	Total of bank CET1 specific buffer requirements (%) (8+9+10)	3.50%	3.50%	3.50%

		a	b	c
		30 September 2024	**30 June 2024**	**31 March 2024**
12	Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirements	6.42%	6.13%	6.37%
Leverage ratio				
13	Adjusted on- and off-balance sheet assets	45,291,103	43,664,384	43,916,427
14	Leverage ratio (%) [2]	6.62%	6.97%	6.79%
14a	Leverage ratio a (%)[3]	6.62%	6.97%	6.79%
14b	Leverage ratio b (%)[4]	6.62%	6.97%	6.77%
14c	Leverage ratio c (%)[5]	6.62%	6.97%	6.77%
Liquidity coverage ratio				
15	Total high-quality liquid assets (HQLA)	7,565,521	7,091,625	6,315,951
16	Total net cash outflows	5,973,769	5,896,183	4,815,009
17	LCR (%)	126.65%	120.27%	131.17%
Net stable funding ratio				
18	Total available stable funding	29,849,960	29,032,619	29,356,122
19	Total required stable funding	22,479,058	21,995,471	22,285,419
20	NSFR (%)	132.79%	131.99%	131.73%

Notes: 1. The Group was listed among the Bucket 2 of the global systemically important banks in November 2023 and is required to meet the additional capital of 1.5% by 1 January 2025 according to the regulatory requirements, and currently implements the additional capital of 1% for Bucket 1 banks.

2.Leverage ratio includes the impact of any applicable temporary exemption of central bank reserves.

3.Leverage ratio a refers to the leverage ratio excluding the impact of any applicable temporary exemption of central bank reserves.

4.Leverage ratio b refers to the leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for securities financing transaction (SFT) assets within the most recent quarter.

5.Leverage ratio c refers to the leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean value for SFT assets within the most recent quarter.

2.2 OV1: Overview of risk-weighted assets

The Bank measured the capital adequacy ratios in accordance with the *Rules on Capital Management of Commercial Banks*, adopted the foundation internal ratings-based (IRB) approach for non-retail exposure and advanced IRB approach for retail exposure to measure credit RWA, standardised approach to measure credit RWA uncovered by IRB approach, and standardised measurement approach to measure market risk RWA, and standardised measurement approach to measure operational risk RWA.

In millions of RMB

		a	b	c
		RWA		**Minimum capital requirements[1]**
		30 September 2024	**30 June 2024**	**30 September 2024**
1	Credit risk	20,473,716	20,437,643	1,637,897
2	Credit risk (excluding counterparty credit risk, credit valuation adjustment risk, asset management products in banking book, and securitisation exposures in banking book)	20,353,338	20,287,327	1,628,267
3	Of which: standardised approach	6,960,262	6,895,546	556,821
4	Of which: risk exposures that arise during the clearing of securities, commodities, and foreign exchange transactions	-	-	-
5	Of which: amounts below the thresholds for deduction	434,534	430,320	34,763
6	Of which: foundation internal ratings-based approach	11,422,621	11,374,518	913,810
7	Of which: supervisory slotting approach	-	-	-
8	Of which: advanced internal ratings-based approach	1,970,455	2,017,263	157,636
9	Counterparty credit risk	62,753	90,551	5,020
10	Of which: standardised approach	62,753	90,551	5,020
11	Of which: current exposure method	-	-	-
12	Of which: other approaches	-	-	-
13	Credit valuation adjustments risk	13,360	16,231	1,069

		a	b	c
		RWA		Minimum capital requirements[1]
		30 September 2024	30 June 2024	30 September 2024
14	Asset management products in banking book	39,791	39,972	3,183
15	Of which: look-through approach	3,880	3,820	310
16	Of which: mandate-based approach	36,242	36,733	2,899
17	Of which: 1250% risk weight applied	632	637	51
	Of which: leverage adjustment	(963)	(1,218)	(77)
18	Securitisation exposures in banking book	4,474	3,562	358
19	Of which: securitisation internal ratings-based approach	-	-	-
20	Of which: securitisation external ratings-based approach	980	1,417	78
21	Of which: securitisation standardised approach	3,739	2,538	299
	Of which: 1250% risk weight applied	3	3	-
	Of which: adjustments subject to regulatory cap	(248)	(396)	(19)
22	Market risk	260,304	182,857	20,824
23	Of which: standardised approach	260,304	182,857	20,824
24	Of which: internal models approach	-	-	-
25	Of which: simplified standardised approach	-	-	-
26	Capital requirement for switch between trading book and banking book	-	-	-
27	Operational risk	1,488,817	1,488,817	119,105
28	Additional adjustment due to application of capital floor	-	-	
29	**Total**	**22,222,837**	**22,109,317**	**1,777,826**

Notes: 1. Minimum capital requirements： the required Pillar 1 Capital at the end of the reporting period, equalled to the amount of RWA multiplied by 8%.

3. Macro prudential regulatory measures

GSIB1: Global systemically important banks assessment indicators

Since its first inclusion in the list of global systemically important banks in 2014, the Group has annually disclosed the global systemically important banks assessment indicators in its annual reports for listed companies. For the results of the assessment indicators for each period, please refer to: http://www.abchina.com/en/investor-relations/performance-reports/.

4. Leverage ratio

4.1 LR1: Difference between leverage ratio regulatory exposure measure and accounting assets

In millions of RMB

		a
		30 September 2024
1	Total consolidated assets as per published financial statements	43,553,293
2	Consolidated adjustments for accounting purposes but outside the scope of regulatory consolidation	(192,298)
3	Adjustment for fiduciary assets	-
4	Adjustment for derivative financial instruments	66,880
5	Adjustment for securities financing transactions	4,365
6	Adjustment for off-balance sheet items	1,869,862
7	Adjustment for securitisation transactions	-
8	Adjustment for unsettled financial assets	(745)
9	Adjustment for cash pooling	-
10	Adjustment for central bank reserve (if applicable)	-
11	Adjustment for prudent valuation and impairment provisions	-
12	Other adjustments	(10,254)
13	**Adjusted on- and off-balance sheet assets**	**45,291,103**

4.2 LR2: Leverage ratio

In millions of RMB, except for percentages

		a	b
		30 September 2024	**30 June 2024**
On-balance sheet exposures			
1	On-balance sheet assets (excluding derivatives and securities financing transactions)	42,903,980	42,549,540
2	Less: impairment provisions	(980,343)	(1,517,427)

		a	b
		30 September 2024	30 June 2024
3	Less: deductions from Tier 1 capital	(10,254)	(10,101)
	Adjustment for unsettled financial assets	(745)	(1,956)
4	**Balance of adjusted on-balance sheet assets (excluding derivatives and securities financing transactions)**	**41,912,638**	**41,020,056**
Derivative exposures			
5	Replacement cost associated with all derivatives (net of eligible margin and in consideration of the impact of bilateral netting agreement)	19,825	29,785
6	Add-on amounts for PFE associated with all derivatives transactions	75,165	75,271
7	Gross-up of collateral deducted from the balance sheet	-	-
8	Less: receivable assets resulting for cash variation margin	-	-
9	Less: derivative assets resulting from transactions with the central counterparty when providing client-cleared trade	-	-
10	Notional principal amount of written credit derivatives	-	-
11	Less: deductible amounts of written credit derivative assets	-	-
12	**Balance of derivative assets**	**94,990**	**105,056**
Securities financing transaction exposures			
13	Securities financing transaction assets for accounting purpose	1,409,248	739,325
14	Less: deductible amounts of securities financing transaction assets	-	-
15	Counterparty credit risk exposure for securities financing transaction	4,365	6,672
16	Securities financing transaction assets resulting from agent transaction	-	-
17	**Balance of securities financing transaction assets**	**1,413,613**	**745,997**
Other off-balance sheet exposures			
18	Off-balance sheet items	6,645,087	6,424,842
19	Less: adjusted for conversion to credit equivalent amounts	(4,754,679)	(4,612,249)
20	Less: impairment provisions	(20,546)	(19,318)
21	**Balance of adjusted off-balance sheet items**	**1,869,862**	**1,793,275**

		a	b
		30 September 2024	**30 June 2024**
Capital and total exposure			
22	Tier 1 capital, net	2,996,528	3,041,241
23	Adjusted on-and off-balance sheet assets	45,291,103	43,664,384
Leverage ratio			
24	Leverage ratio	6.62%	6.97%
24a	Leverage ratio a[1]	6.62%	6.97%
25	Minimum regulatory requirements for leverage ratio	4.00%	4.00%
26	Additional requirements for leverage ratio[6]	0.50%	0.50%
Disclosure of mean values			
27	Quarterly average daily balance of securities financing transaction	1,363,228	677,115
27a	Quarter-end value of gross SFT assets	1,409,248	739,325
28	Adjusted on- and off-balance sheet assets a[4]	45,245,083	43,602,174
28a	Adjusted on- and off-balance sheet assets b[5]	45,245,083	43,602,174
29	Leverage ratio b[2]	6.62%	6.97%
29a	Leverage ratio c[3]	6.62%	6.97%

Notes: 1. Leverage ratio a refers to the leverage ratio excluding the impact of any applicable temporary exemption of central bank reserves, being row 22/ (row 23+temporarily exempted central bank reserves).

2. Leverage ratio b refers to the leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets within the most recent quarter, being row 22/row 28.

3. Leverage ratio c refers to the leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets within the most recent quarter, being row 22/row 28a.

4. Adjusted on- and off-balance sheet assets a is calculated by applying the temporary exemption of central bank reserves and the simple arithmetic average of the daily balances of securities financing transactions.

5. Adjusted on- and off-balance sheet assets b is calculated without application of any temporary exemption of central bank reserves and using the simple arithmetic average of the daily balances of securities financing transactions.

6. The Group was listed among the Bucket 2 of the global systemically important banks in November 2023, and is required to meet the additional leverage ratio of 0.75% by 1 January 2025 according to the regulatory requirements, and currently implements the additional leverage ratio of 0.5% for Bucket 1 banks.

5. Liquidity risk

LIQ1: Liquidity coverage ratio

The *Rules on Liquidity Risk Management of Commercial Banks* requires that the liquidity coverage ratio of commercial banks should be no less than 100%. In addition, in accordance with the *Rules on Information Disclosure for Liquidity Coverage Ratio of Commercial Banks*, commercial banks are required to disclose liquidity coverage ratio information at the same frequency as that for financial reports, and starting from 2017, to disclose the simple arithmetic average of the liquidity coverage ratios based on daily data of every quarter and the number of daily data adopted in calculation of such average.

The Group calculates the liquidity coverage ratio in accordance with the *Rules on Liquidity Risk Management of Commercial Banks* and applicable statistical requirements. The daily average of liquidity coverage ratios of the Group for the third quarter of 2024 was 126.65%, and the number of daily data adopted in calculation of such average was 92. The high-quality liquid assets of the Group mainly include cash, excess reserves with the central bank able to be withdrawn under stress conditions, and bonds falling within the Level 1 and Level 2 assets as defined in the *Rules on Liquidity Risk Management of Commercial Banks*.

The averages of the liquidity coverage ratio and individual line items over the third quarter of 2024 are as follows:

In millions of RMB, except for percentages

		a	**b**
		The third quarter of 2024	
		Total unweighted value	**Total weighted value**
High-quality liquid assets			
1	Total high-quality liquid assets		8,910,552
Cash outflows			
2	Retail deposits and deposits from small business customers	18,815,892	1,794,425
3	Of which: stable deposits	1,743,194	87,155
4	Of which: less stable deposits	17,072,698	1,707,270

		a	b
		The third quarter of 2024	
		Total unweighted value	Total weighted value
5	Unsecured wholesale funding	13,727,317	5,798,475
6	Of which: operational deposits (excluding deposits in networks of cooperative banks)	4,670,579	1,153,180
7	Of which: non-operational deposits (all counterparties)	8,996,018	4,584,575
8	Of which: unsecured debt	60,720	60,720
9	Secured wholesale funding		21,113
10	Additional requirements	2,692,755	1,296,136
11	Of which: outflows related to derivative exposures and other collateral requirements	1,180,796	1,180,796
12	Of which: outflows related to loss of funding on debt products	199	199
13	Of which: credit and liquidity facilities	1,511,760	115,141
14	Other contractual funding obligations	190,817	190,817
15	Other contingent funding obligations	3,999,684	17,088
16	Total cash outflows		9,118,054
Cash inflows			
17	Secured lending (including reverse repos and securities borrowing)	891,910	891,910
18	Inflows from fully performing exposures	1,692,841	922,952
19	Other cash inflows	1,329,423	1,329,423
20	Total cash inflows	3,914,174	3,144,285
			Total Adjusted Value
21	Total high-quality liquid assets (HQLA)		7,565,521
22	Total net cash outflows		5,973,769
23	Liquidity Coverage Ratio (%)		126.65%