



**中国农业银行**

AGRICULTURAL BANK OF CHINA



# **2015 Interim Results Announcement**

**IFRS**

**August 2015**

# Disclaimer



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## Results Overview



Business Development



Financial Performance



County Area Business



Future Initiatives

# Summary Financials (1)



Unit: RMB '00 mm

2015H1

2014H1

## Income Statement

|                               |       |       |                                                                                      |      |
|-------------------------------|-------|-------|--------------------------------------------------------------------------------------|------|
| Net interest income           | 2,195 | 2,094 |   | 4.8% |
| Net fee and commission income | 476   | 478   |   | 0.4% |
| Operating income              | 2,763 | 2,679 |   | 3.1% |
| Profit before tax             | 1,347 | 1,356 |   | 0.7% |
| Net profit                    | 1,046 | 1,041 |   | 0.5% |
| Earnings per share (Yuan)     | 0.32  | 0.32  |  | 0%   |

## Profitability

|                           |        |        |                                                                                       |          |
|---------------------------|--------|--------|---------------------------------------------------------------------------------------|----------|
| ROAA                      | 1.25%  | 1.36%  |  | 0.11 pts |
| ROAE                      | 19.96% | 23.04% |  | 3.08 pts |
| Cost-to-income ratio      | 29.57% | 29.71% |  | 0.14 pts |
| Net interest margin (NIM) | 2.78%  | 2.93%  |  | 0.15 pts |

# Summary Financials (2)



Unit: RMB '00 mm

30 June 2015

31 Dec 2014

## Balance Sheet

|                          |         |         |   |      |
|--------------------------|---------|---------|---|------|
| Total assets             | 174,596 | 159,742 | ↑ | 9.3% |
| Total loans and advances | 87,274  | 80,981  | ↑ | 7.8% |
| Total Liabilities        | 163,375 | 149,415 | ↑ | 9.3% |
| Total deposits           | 134,063 | 125,334 | ↑ | 7.0% |
| Shareholders' equity     | 11,220  | 10,326  | ↑ | 8.7% |

## Asset Quality

|                                   |         |         |   |           |
|-----------------------------------|---------|---------|---|-----------|
| NPL ratio                         | 1.83%   | 1.54%   | ↑ | 0.29 pts  |
| Allowance to non-performing loans | 238.99% | 286.53% | ↓ | 47.54 pts |
| Allowance to total loans          | 4.37%   | 4.42%   | ↓ | 0.05 pts  |

## Capital Adequacy

|                         |        |        |   |          |
|-------------------------|--------|--------|---|----------|
| Core Tier-1 CAR (ICAAP) | 9.30%  | 9.09%  | ↑ | 0.21 pts |
| Tier-1 CAR (ICAAP)      | 10.02% | 9.46%  | ↑ | 0.56 pts |
| Total CAR (ICAAP)       | 12.95% | 12.82% | ↑ | 0.13 pts |



Results Overview



**Business Development**



Financial Performance



County Area Business



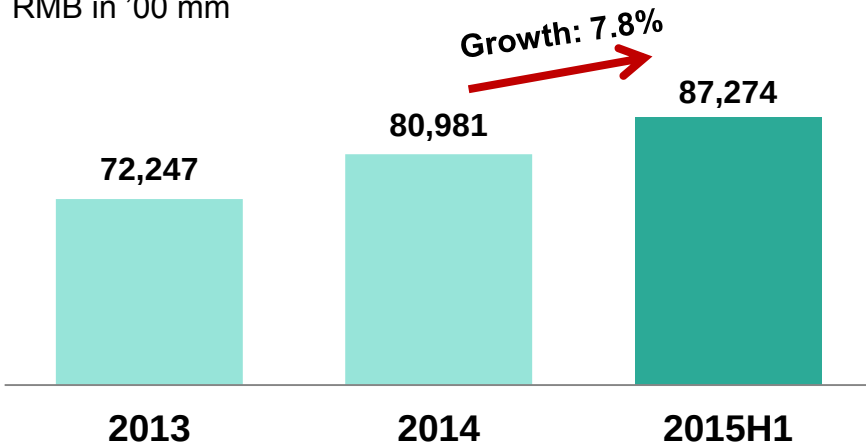
Future Initiatives

# Loan Business: Steady Expansion and Continuous Optimization



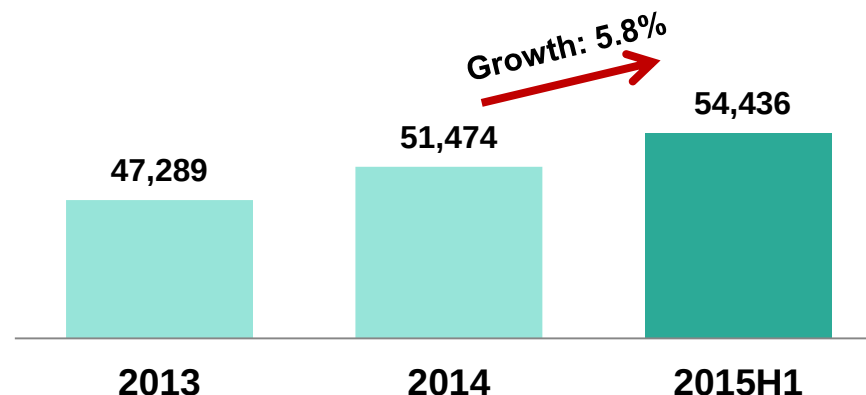
## Steady Growth in Total Loans

RMB in '00 mm



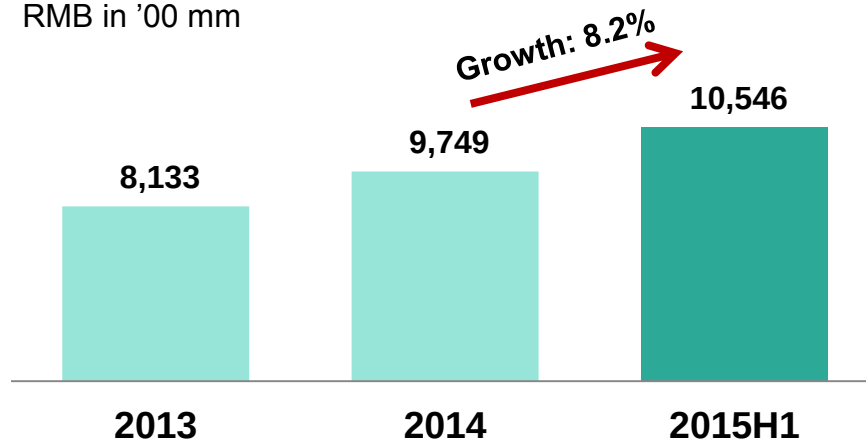
## Stable Expansion of Corporate Loans

RMB in '00 mm



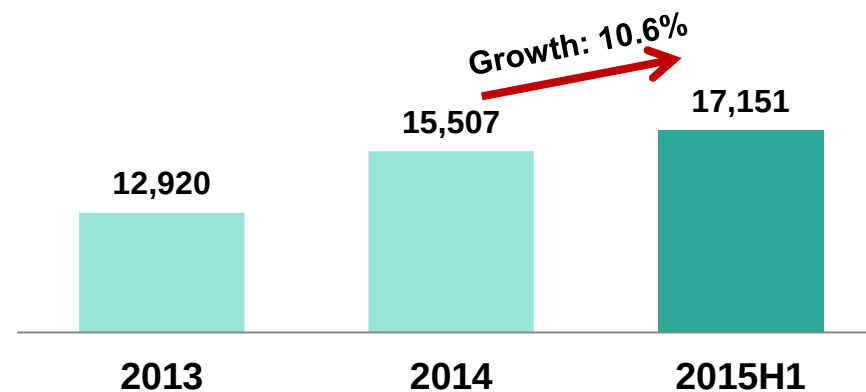
## SME Loan Growth Higher than Bank Overall

RMB in '00 mm



## Rapid Increase in Mortgage Loans

RMB in '00 mm

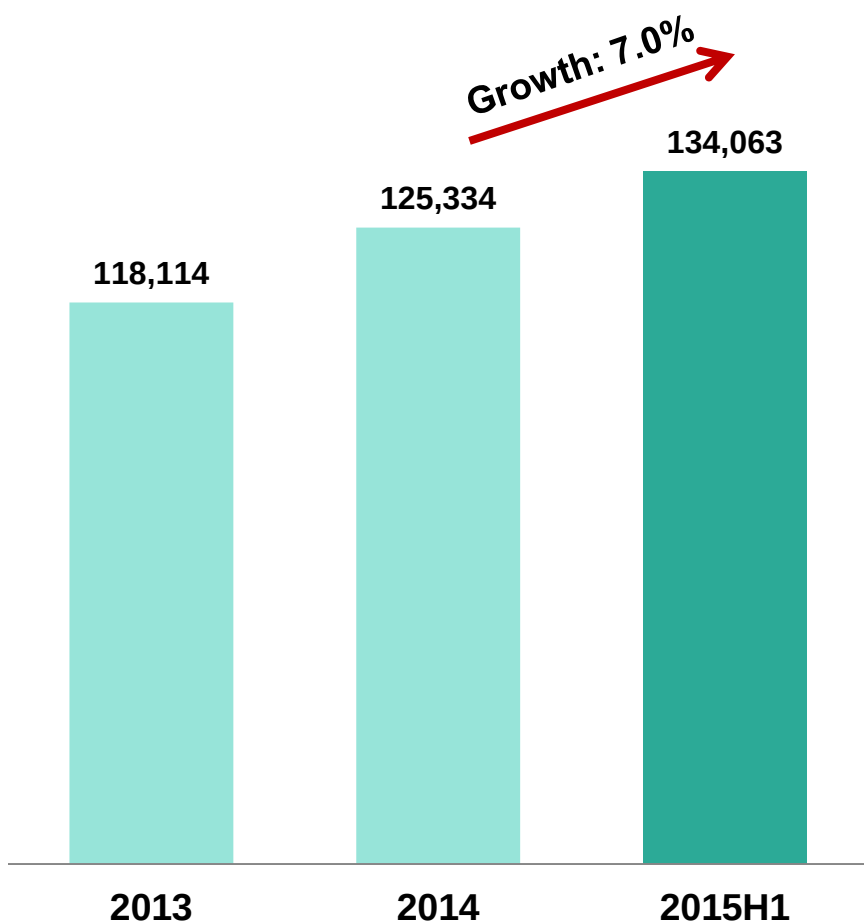


# Deposit Business: Accelerating Growth



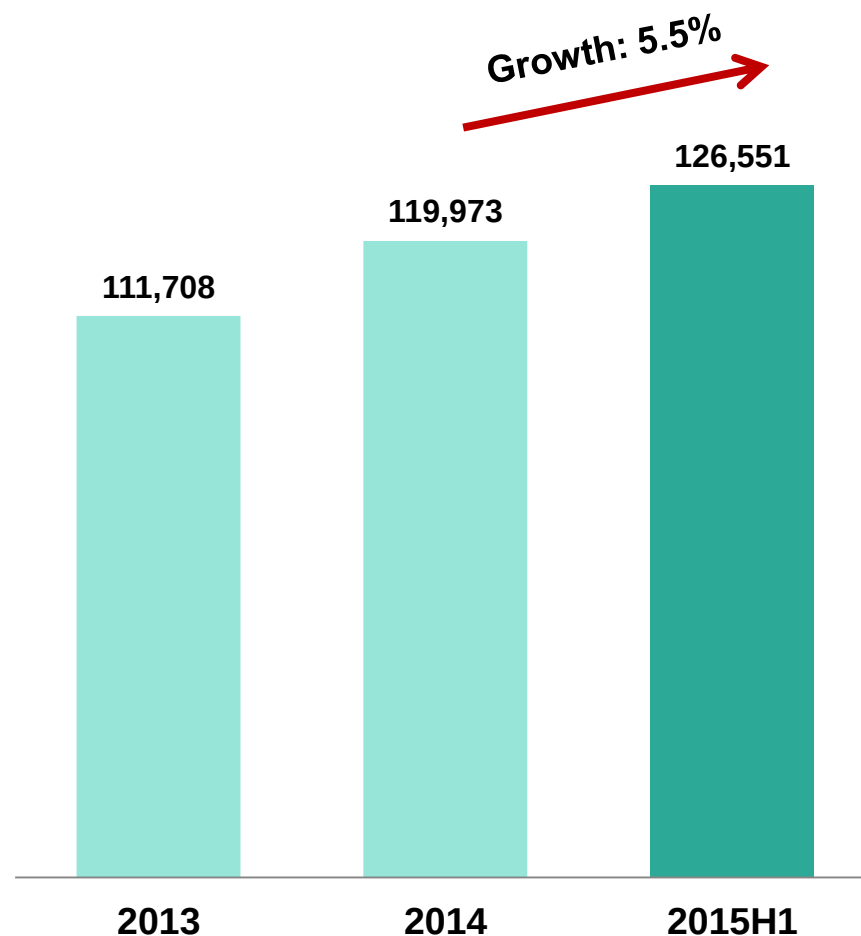
## Total Deposits

RMB in '00 mm



## Average Daily Deposits

RMB in '00 mm

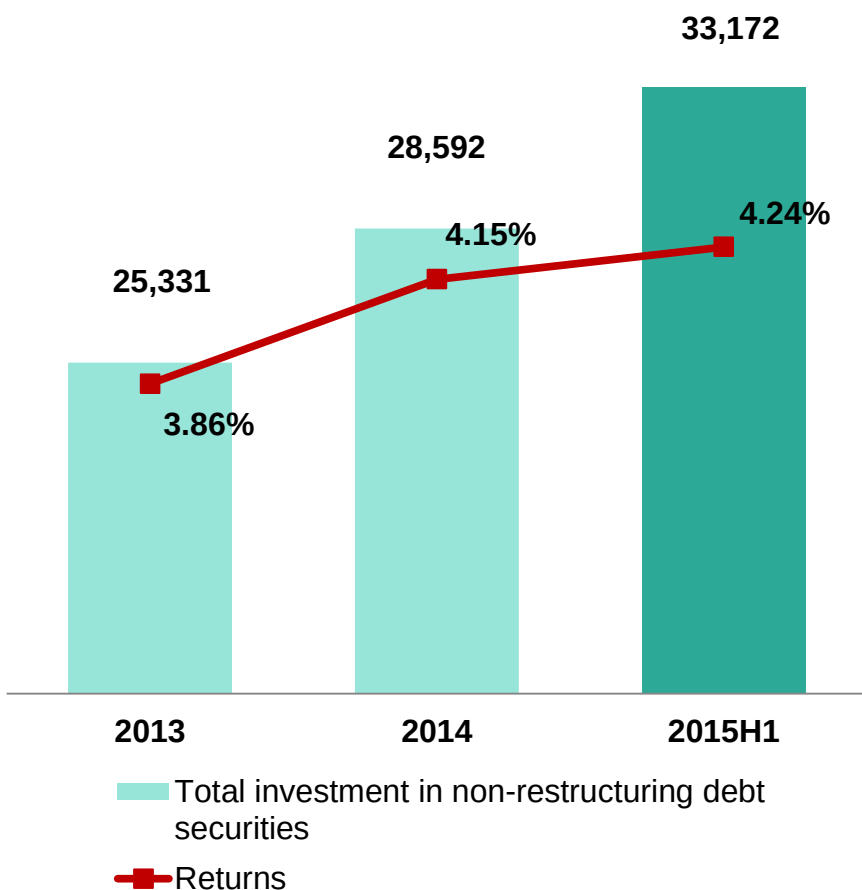


# Investment in Debt Securities: Continuous Portfolio Optimization, Enhanced Returns

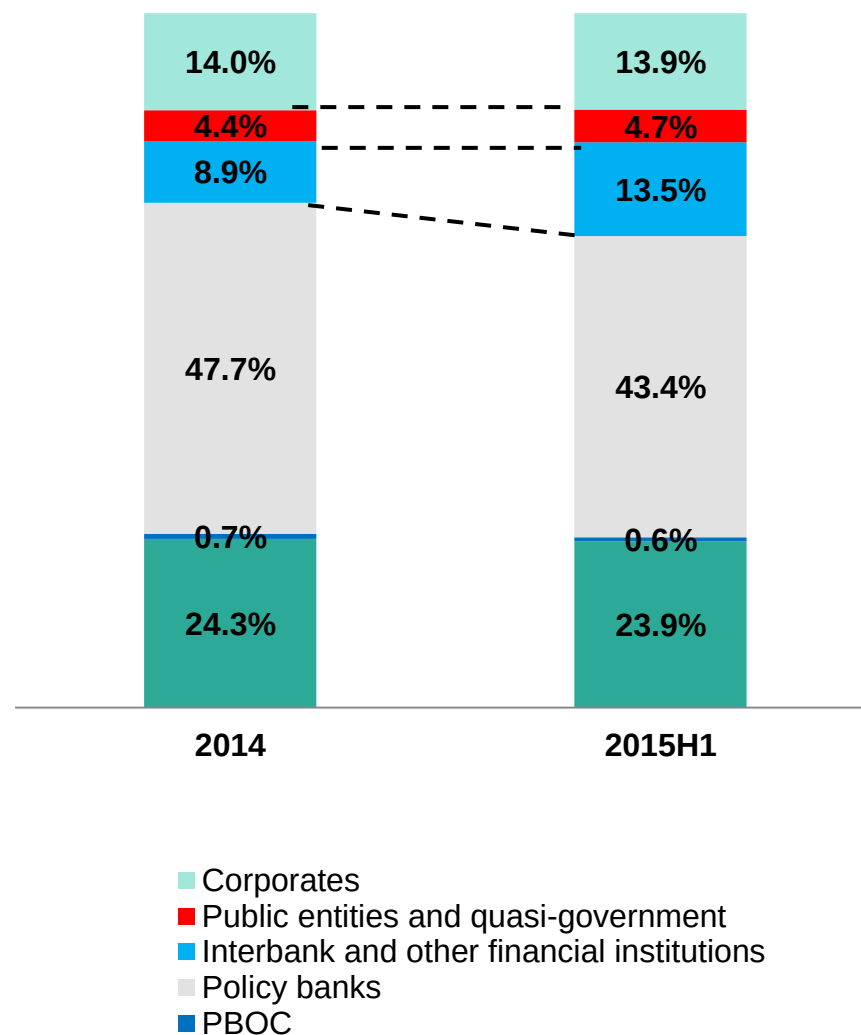


## Steady Increase in Investment Returns on Non-Restructuring Debt Securities

RMB in '00 mm



## Continuous Optimization of Investment Portfolio

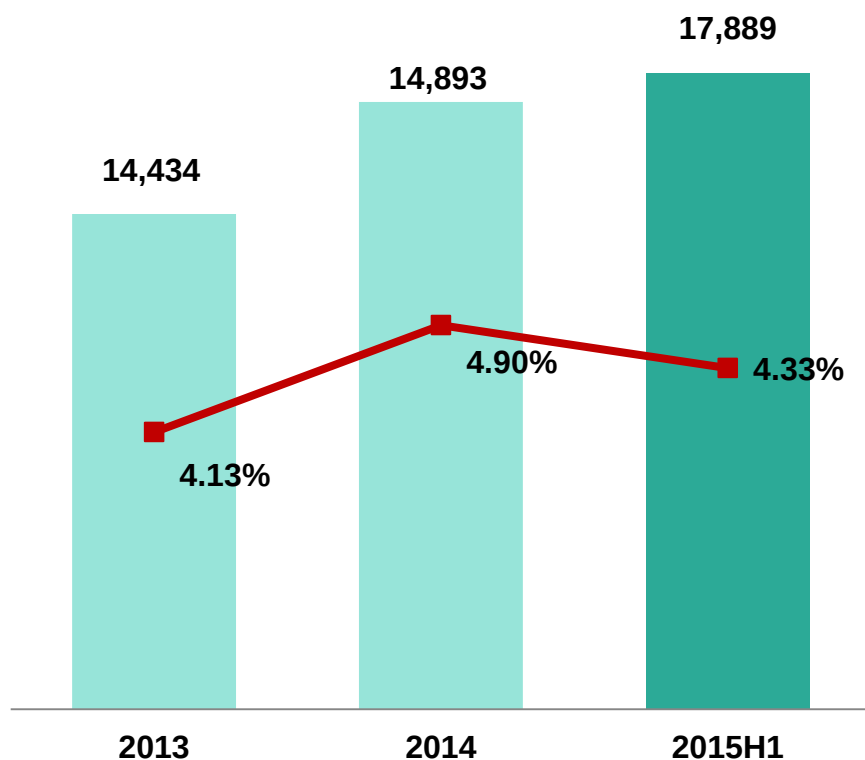


# Interbank Business: Growing Size and Declining Interest Rates



## Interbank Lending Business

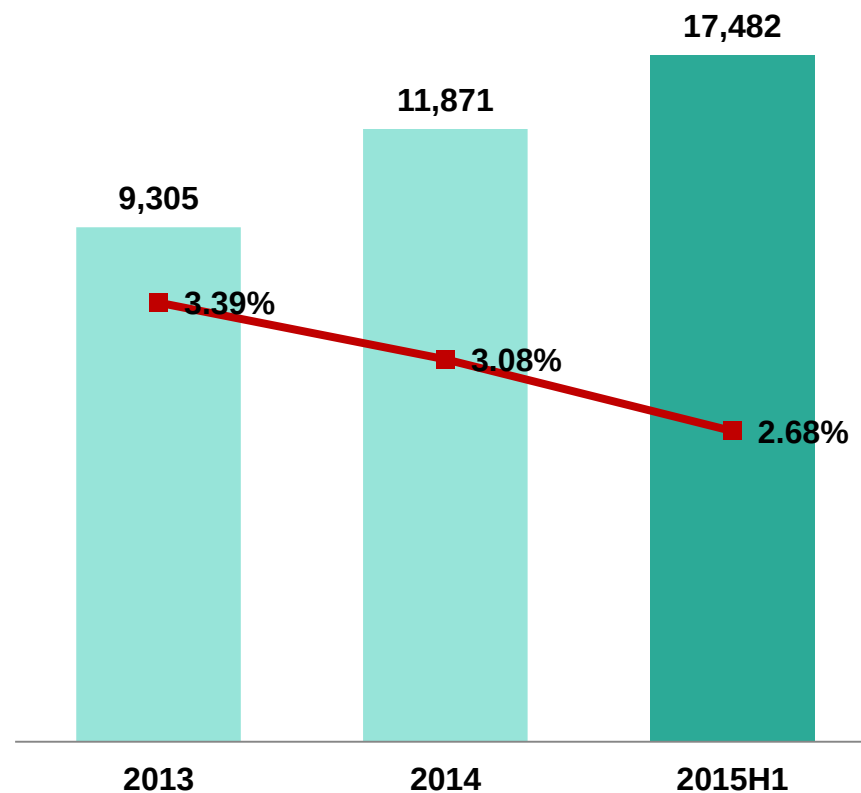
RMB in '00 mm



Balance Yields

## Interbank Borrowing Business

RMB in '00 mm



Balance Interest rates

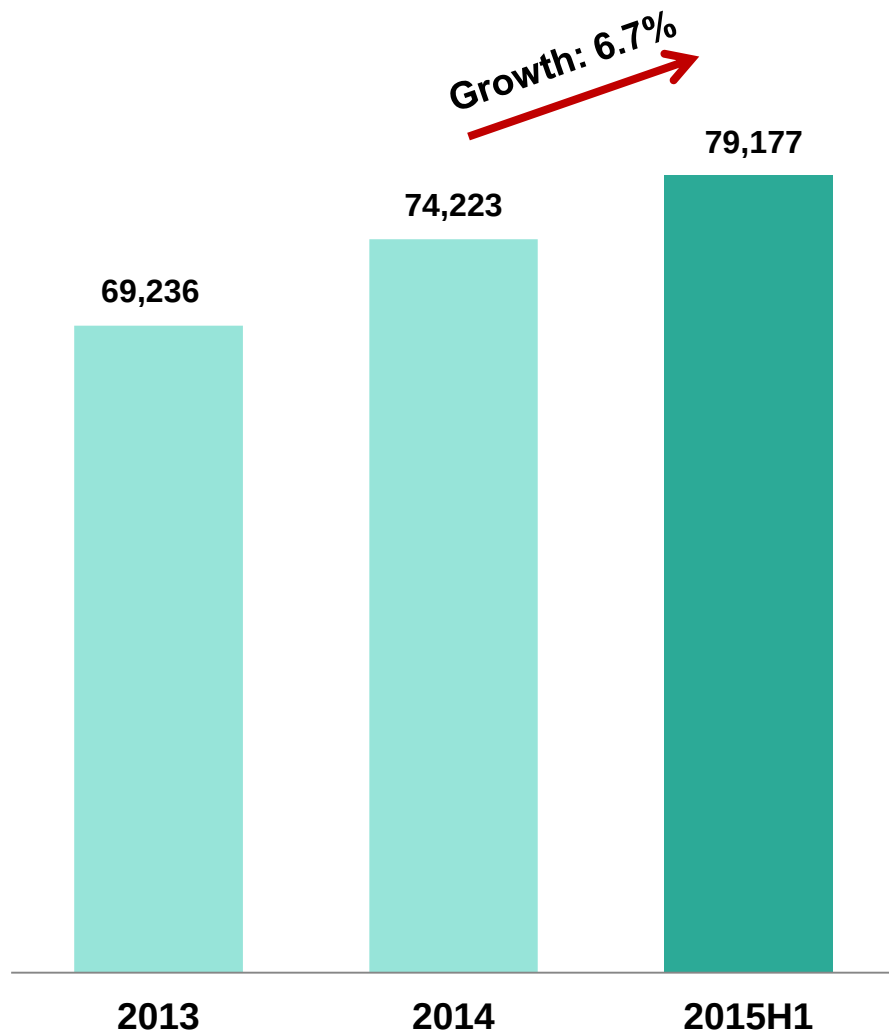
Note: Interbank Lending business includes deposits in banks and other financial institutions, lent funds and resale agreements. Interbank Borrowing business includes deposits from banks and other financial institutions, borrowed funds and repurchase agreements

# Retail Business: Rising Retail Deposits, Rapidly Growing High Value Added Business



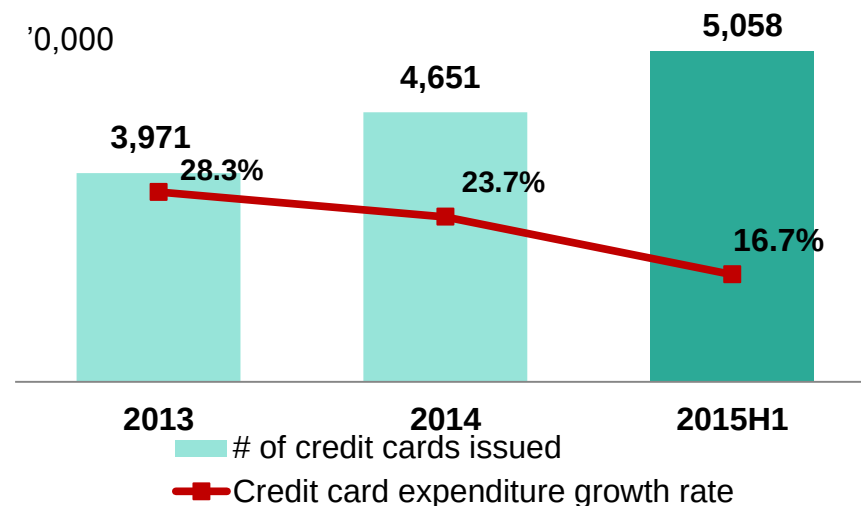
## Steady Growth in Retail Deposits

RMB in '00 mm



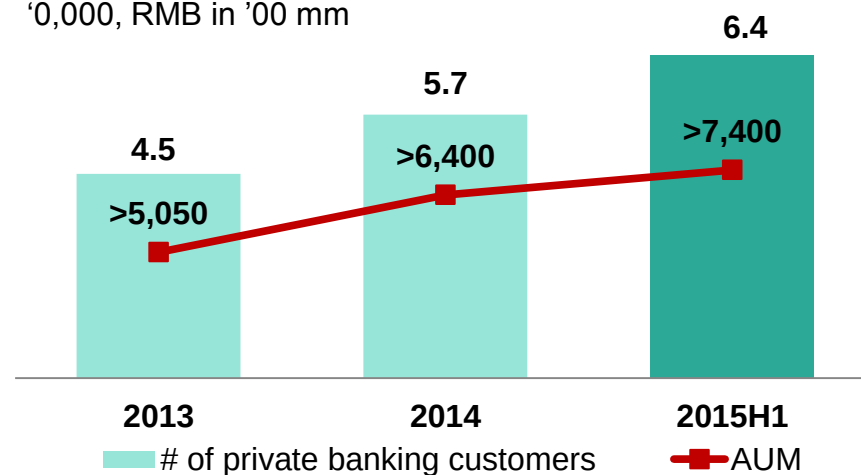
## Rapid Growth in Credit Card Business

'0,000



## Rapid Growth in Private Banking Customers and AUM

'0,000, RMB in '00 mm



# Asset Management Business: Steady Size Expansion and Rapid Revenue Increase



## Steady Rise of WMP Average Daily Balance

RMB in '00 mm

Growth: 2.4%

11,882

12,163

2014

2015H1

## Steady Increase in Custodian Asset Size

RMB in '00 mm

Growth: 17.5%

49,640

58,352

2014

2015H1

## Fast Growth of WMP Revenue

RMB in '00 mm

Growth: 32.6%

40

53

2014H1

2015H1

## #1 in Insurance Custodian Asset Size

RMB in '00 mm

Growth: 11.8%

19,268

21,552

2014

2015H1

# Electronic Banking Business: Continuously Enhanced Channel Advantages



## Rapidly Increasing Numbers of E-Banking Customers and Transaction Volume

Transaction volume in RMB

150  
million

48 trillion

3.49  
million

46 trillion

Retail

Corporate

■ Number of customers

■ Transaction volume

## Evident Rise in Mobile Banking

Transaction volume in RMB

97million

1.74  
trillion

129  
million

4.85  
trillion

2014H1

2015H1

■ Number of customers

■ Transaction volume

## Growing Share of Financial Transactions Through Electronic Banking

# of transactions in '00 mm

66.2

88.3

91.7%

88.4%

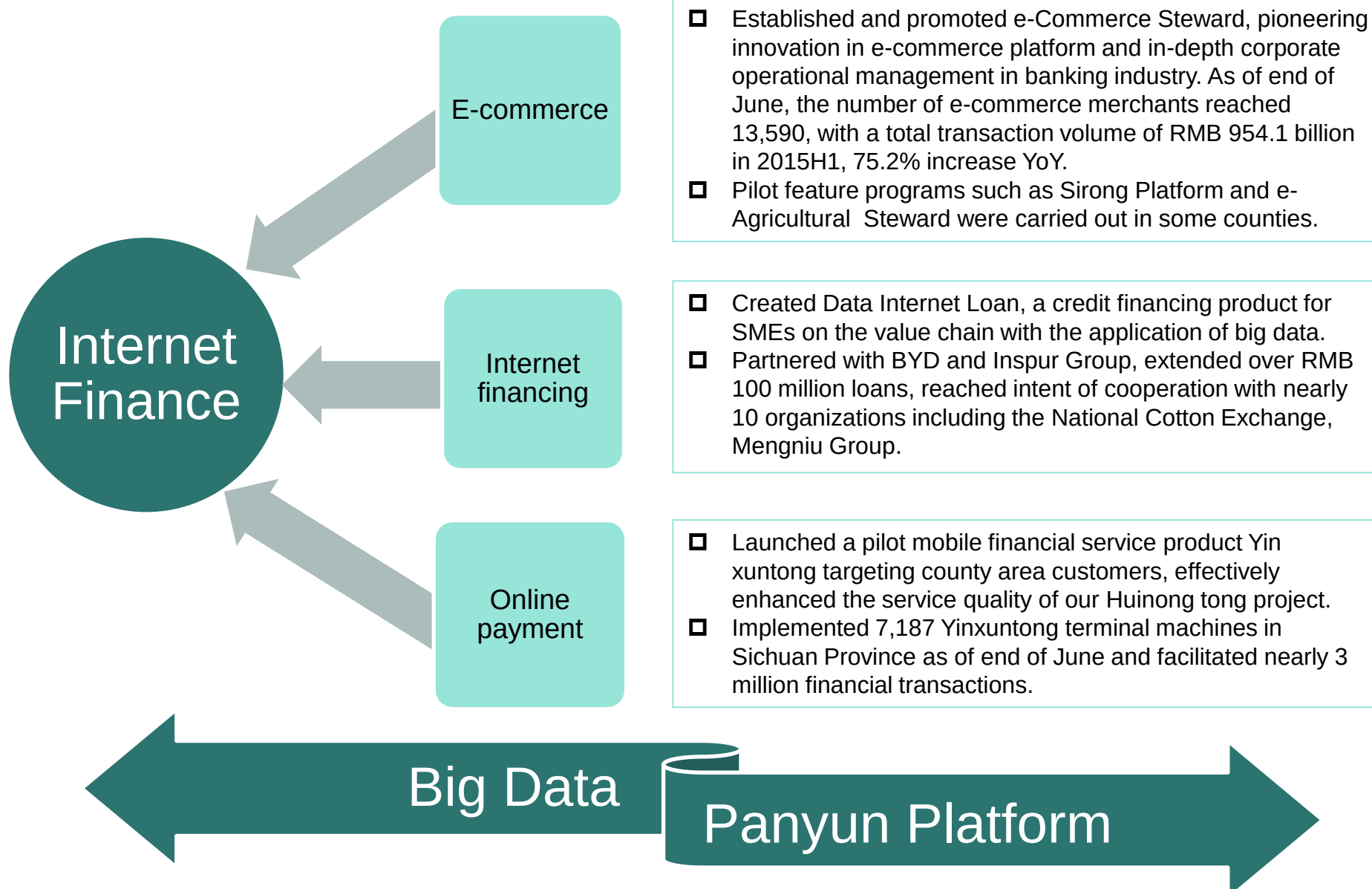
2014H1

2015H1

■ # of financial transactions through e-banking

■ % of financial transactions through e-banking

# Internet Finance: Integrated and Comprehensive Online Product and Service System

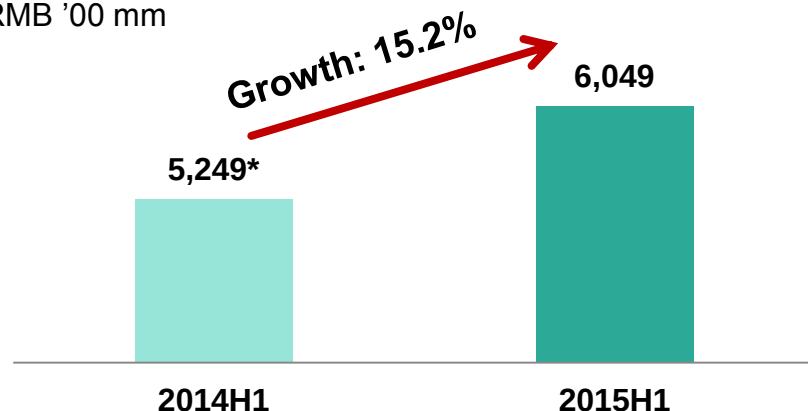


# Global and Integrated Operation: Significantly Stronger Cross-Boarder and Cross-Market Service Capabilities



## Cross-Boarder RMB Settlement

RMB '00 mm

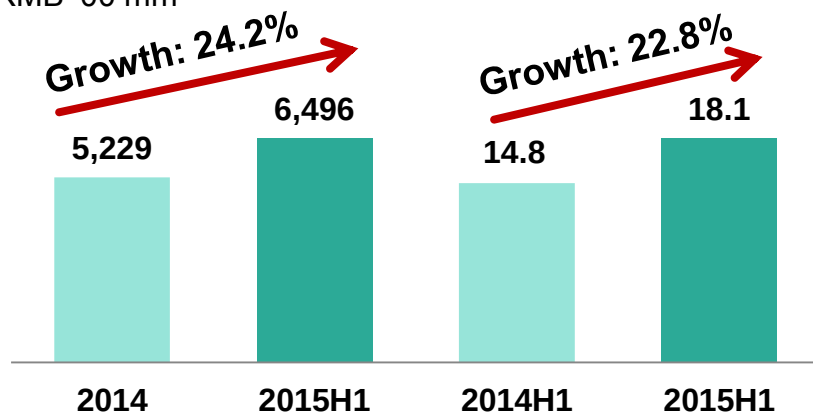


□ As of end of June, we have established 16 overseas organizations in 13 countries and regions.

□ Our main controlling subsidiaries include ABC-CA Fund Management, ABC International Holdings, ABC Financial Leasing and ABC Life Insurance.

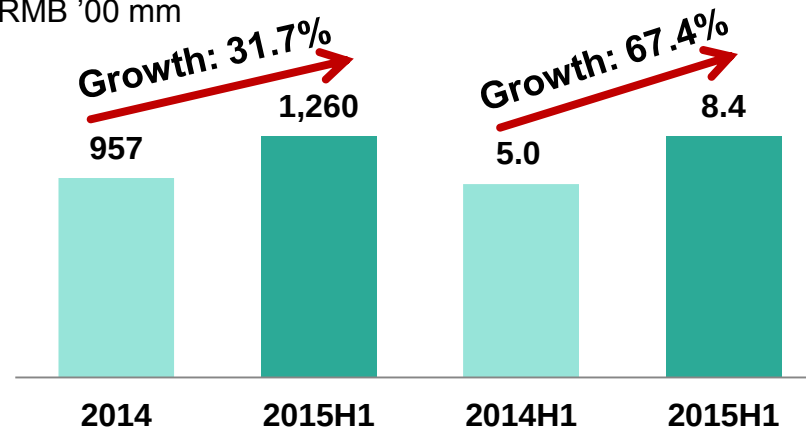
## Total Assets and Net Profit of Overseas Organizations

RMB '00 mm



## Total Assets and Net Profit of Main Controlling Subsidiaries

RMB '00 mm



Note: slightly different from 2014 interim results due to statistical adjustment



**Results Overview**



**Business Development**



**Financial Performance**



**County Area Business**



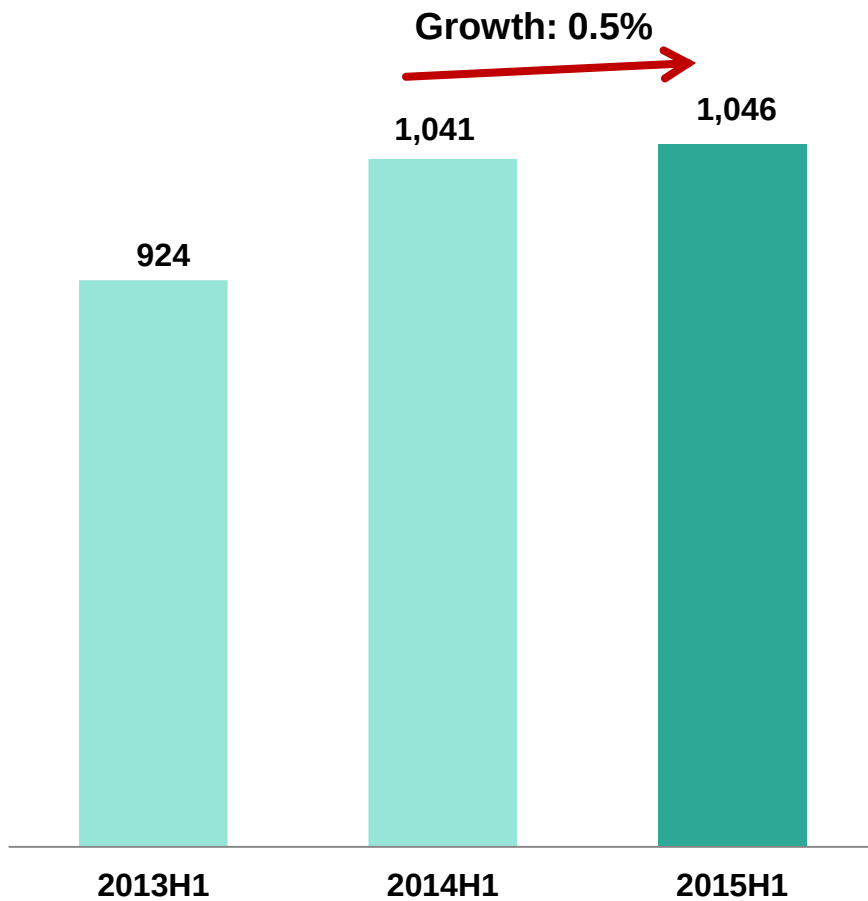
**Future Initiatives**

# Profitability: Slight Increase in Net Profit

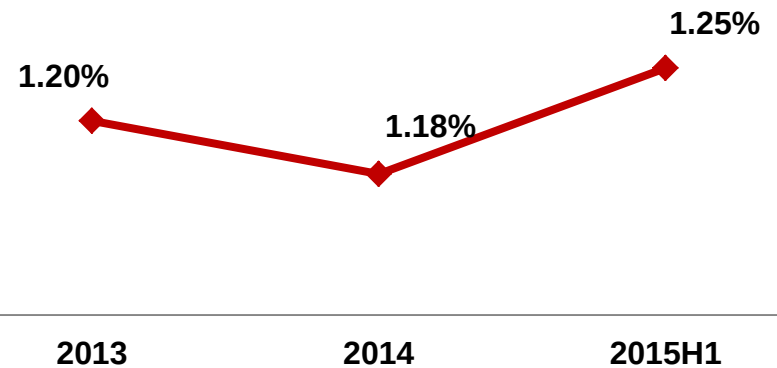


## Net Profit

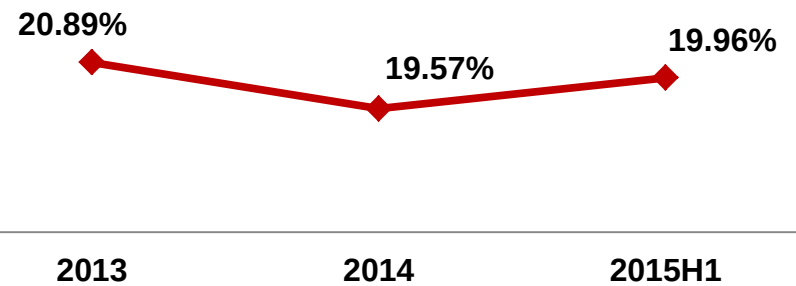
RMB '00 mm



## ROAA



## ROAE

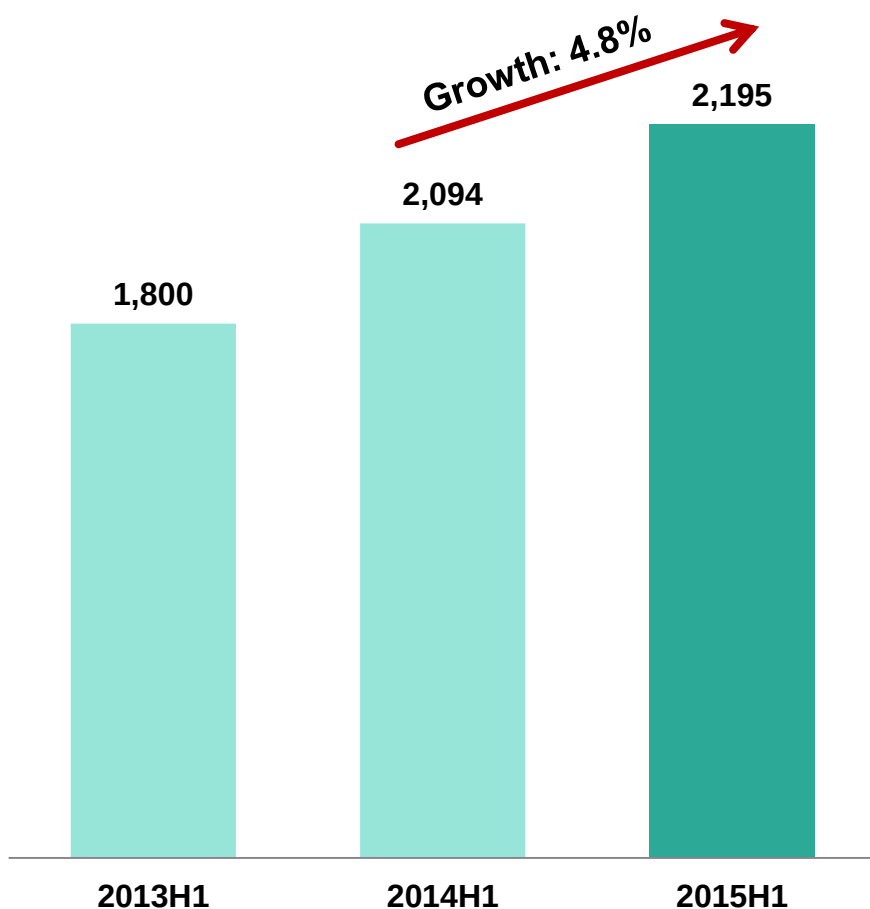


# Net Interest Income: Rapid Growth in Interest-earning Assets and Industry Leading Net Interest Margin



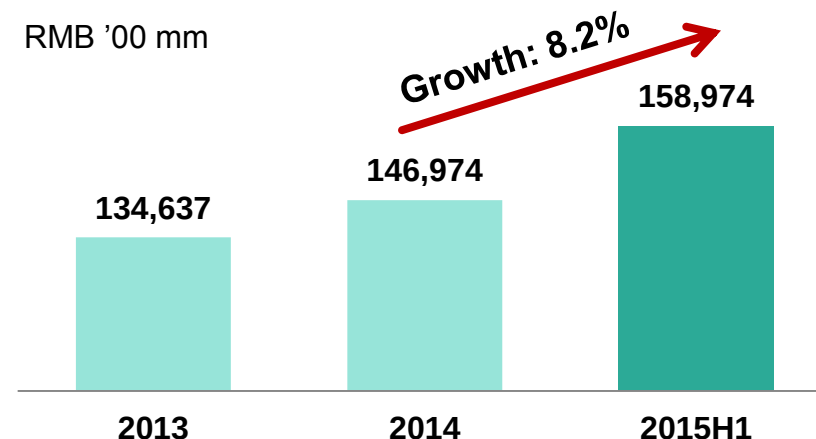
## Stable Growth of Net Interest Income

RMB '00 mm

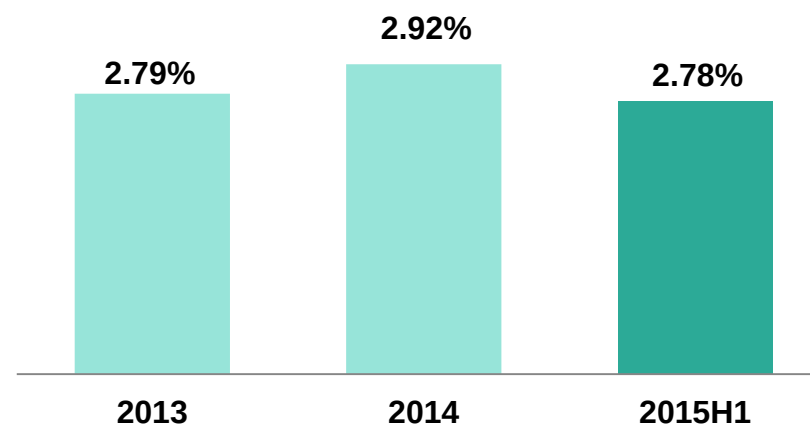


## Fast Expansion of Interest-earning Assets

RMB '00 mm



## Industry Leading NIM

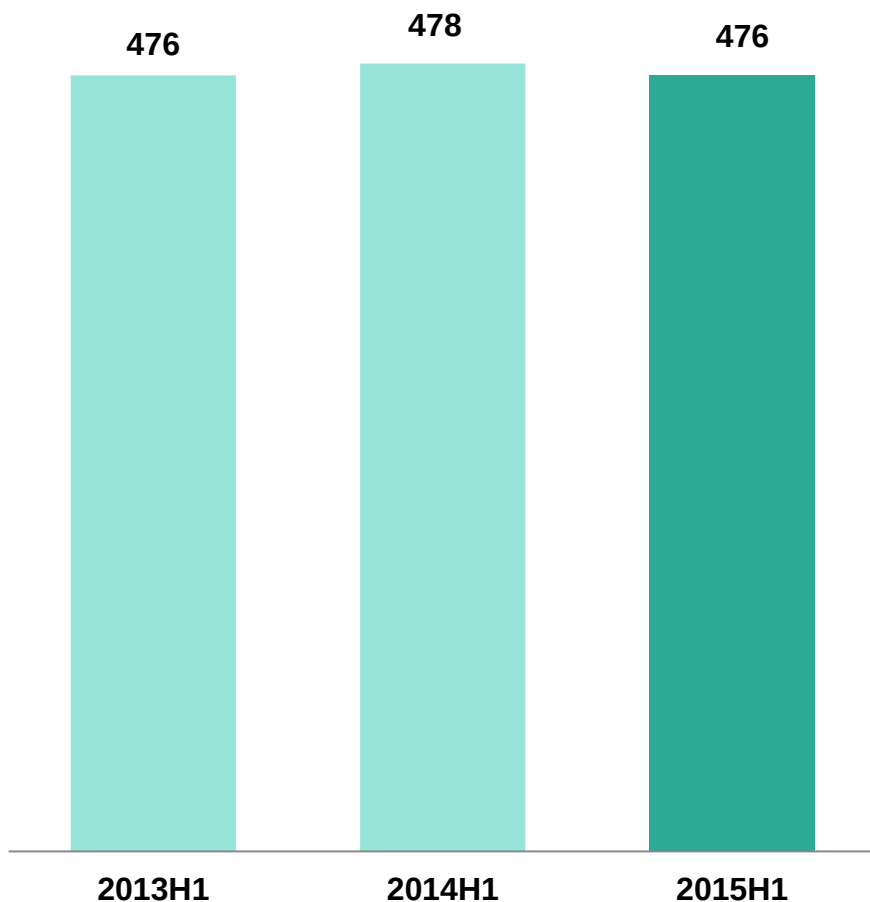


# Intermediary Business: Ongoing Influence from Supervisory Policies



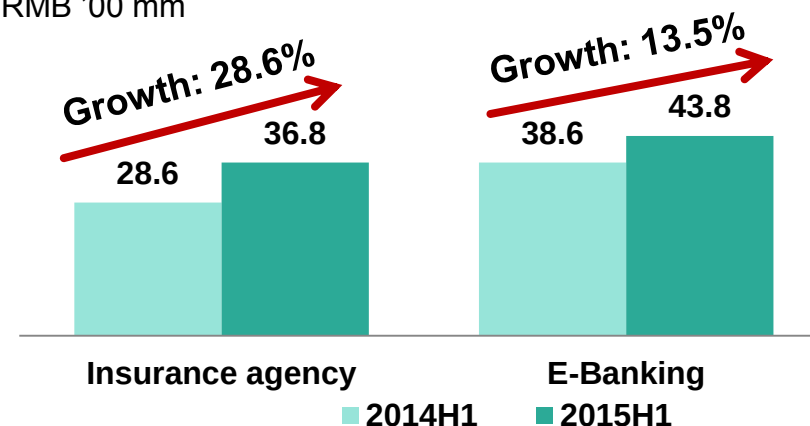
## Net Fee and Commission Income

RMB '00 mm



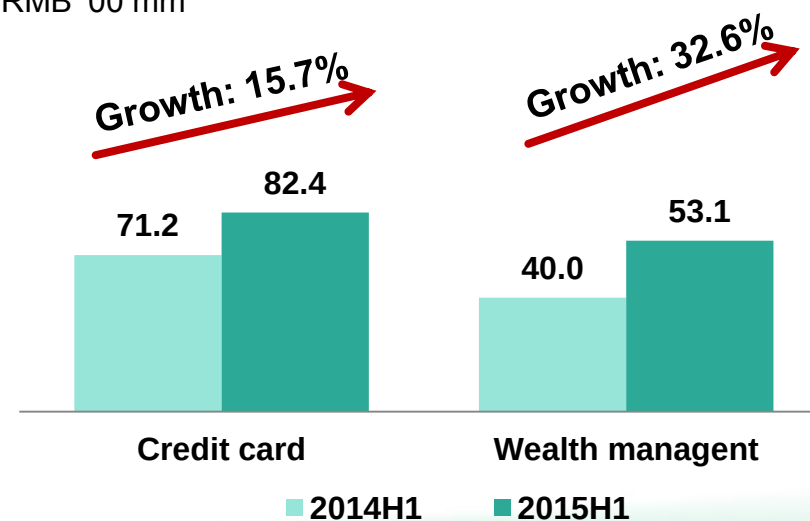
## Industry Leading Insurance Agency and E-Banking Revenues

RMB '00 mm



## Rapid Growth in Credit Card and Wealth Management Revenues

RMB '00 mm

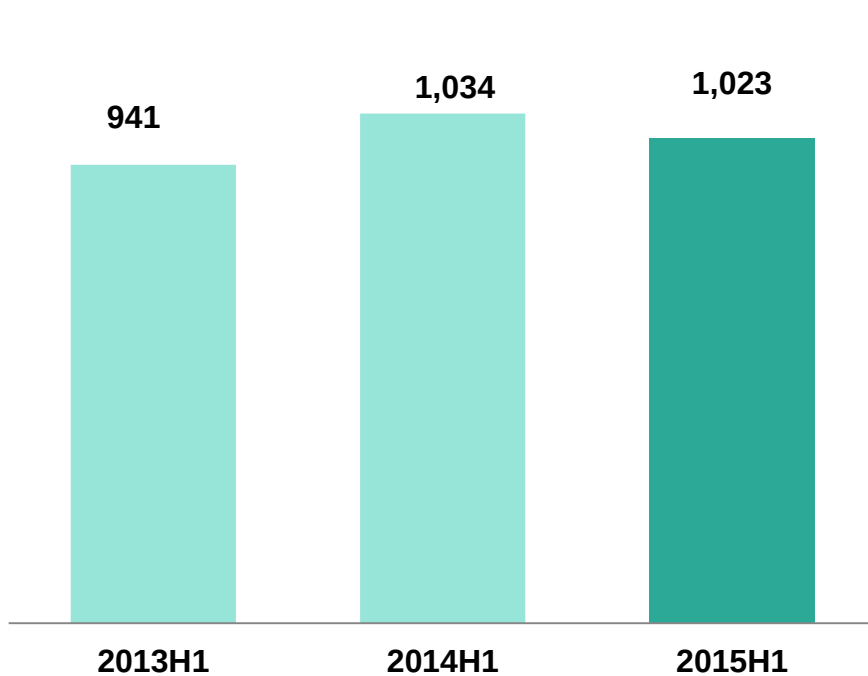


# Operating Expenses: Continuous Declining Cost-to-income Ratio

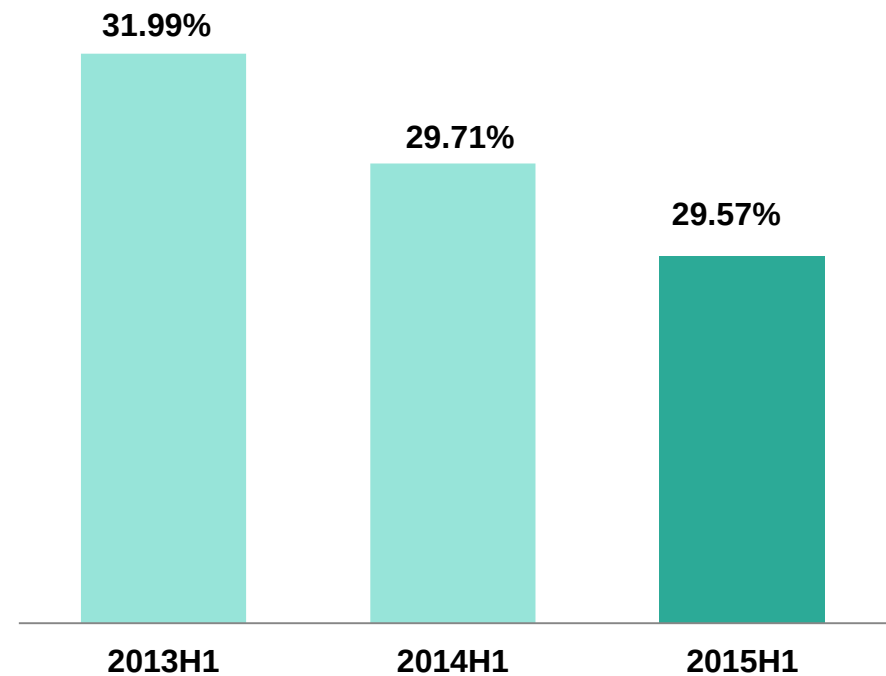


## Operating Expenses Decreased by 1% YoY

RMB '00 mm



## Continuous Declining Cost-to-income Ratio

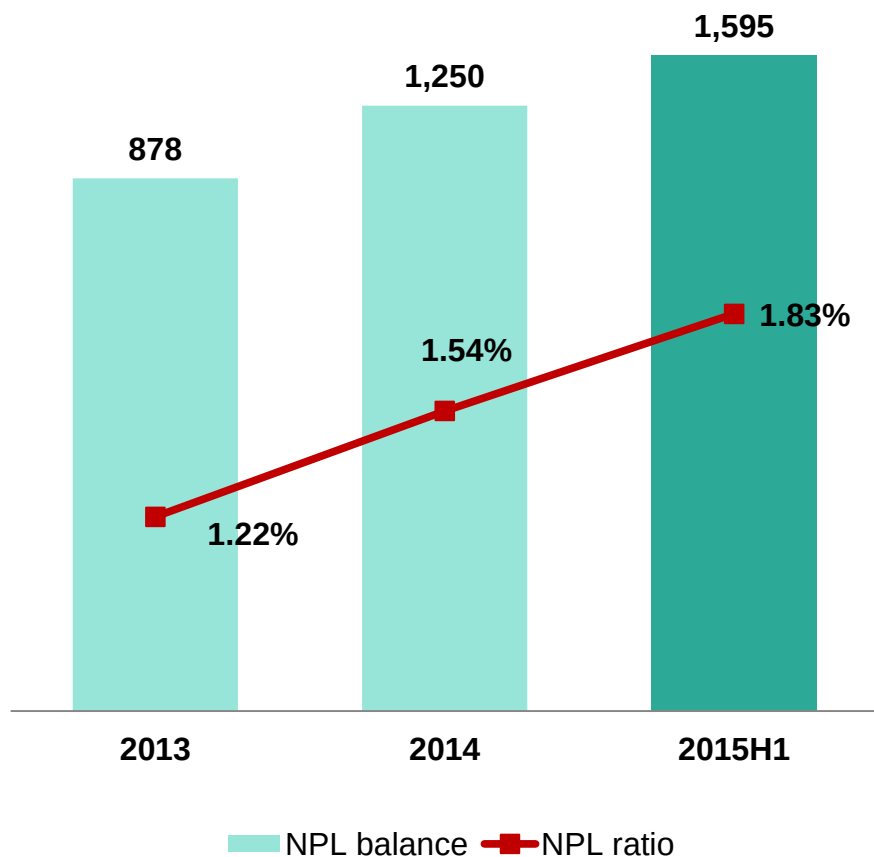


# Asset Quality: Increasing Pressure Coped with Multiple Approaches



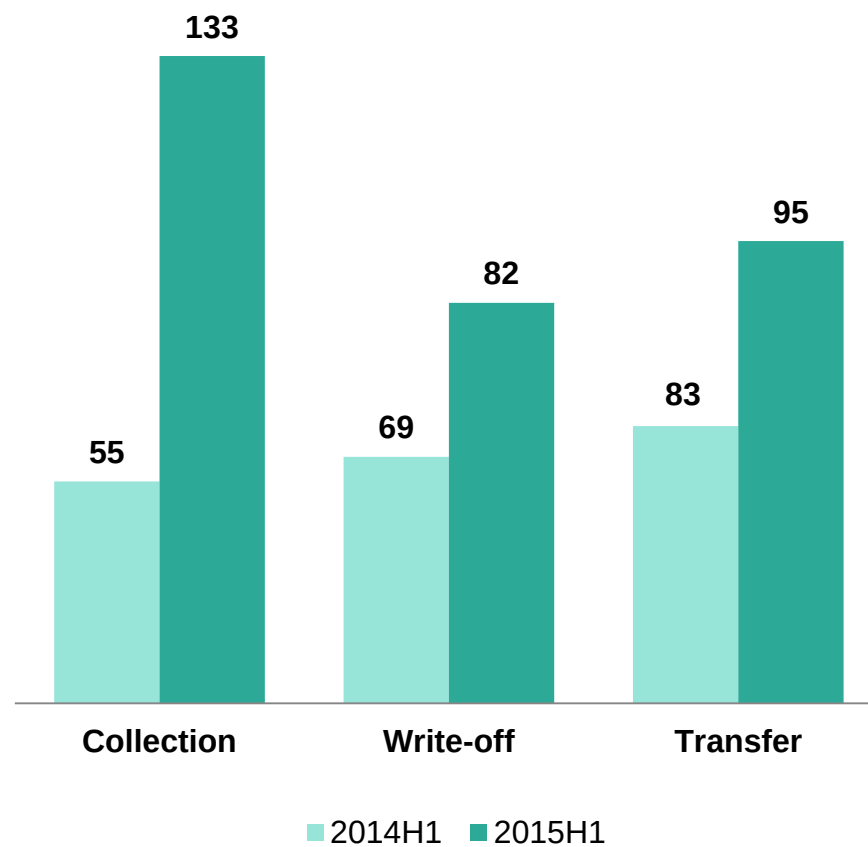
## Rise in NPL Balance and Ratio

RMB '00 mm



## Multiple Measures on NPL Digestion

RMB '00 mm

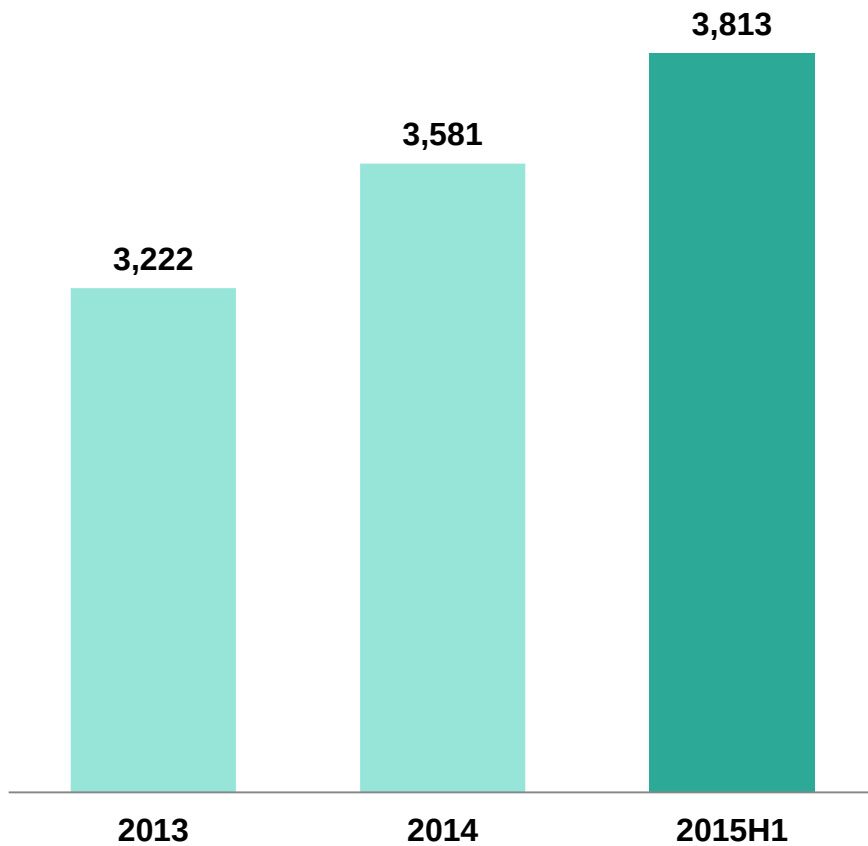


# Provision Coverage: Sufficient Provision Providing Effective Buffer

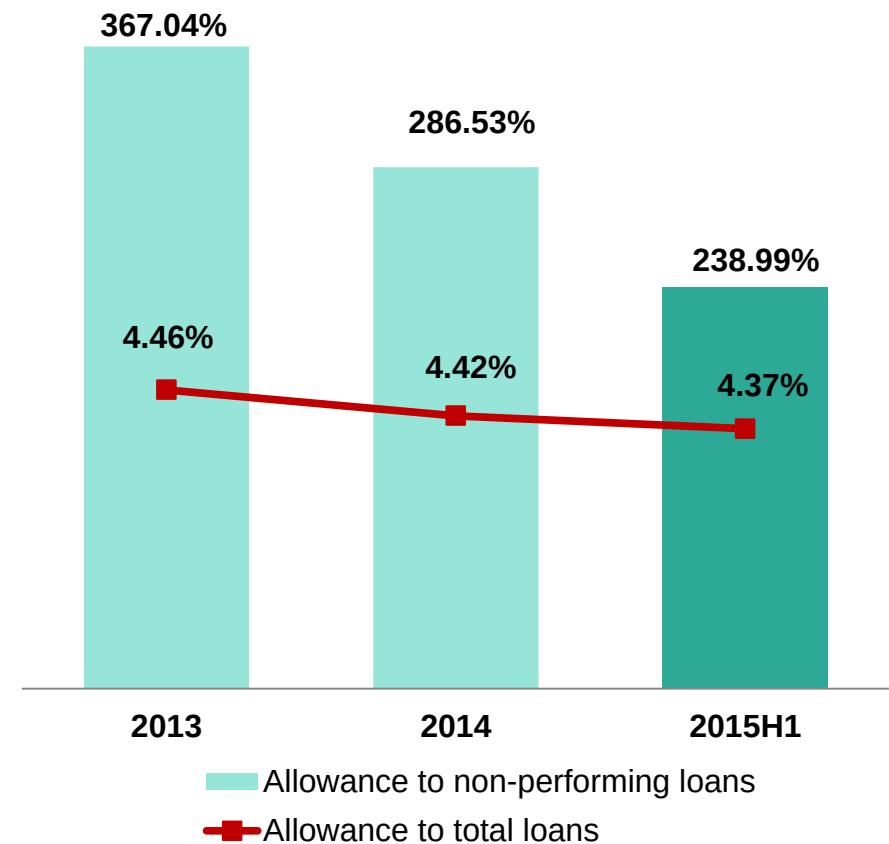


## Rising Provision

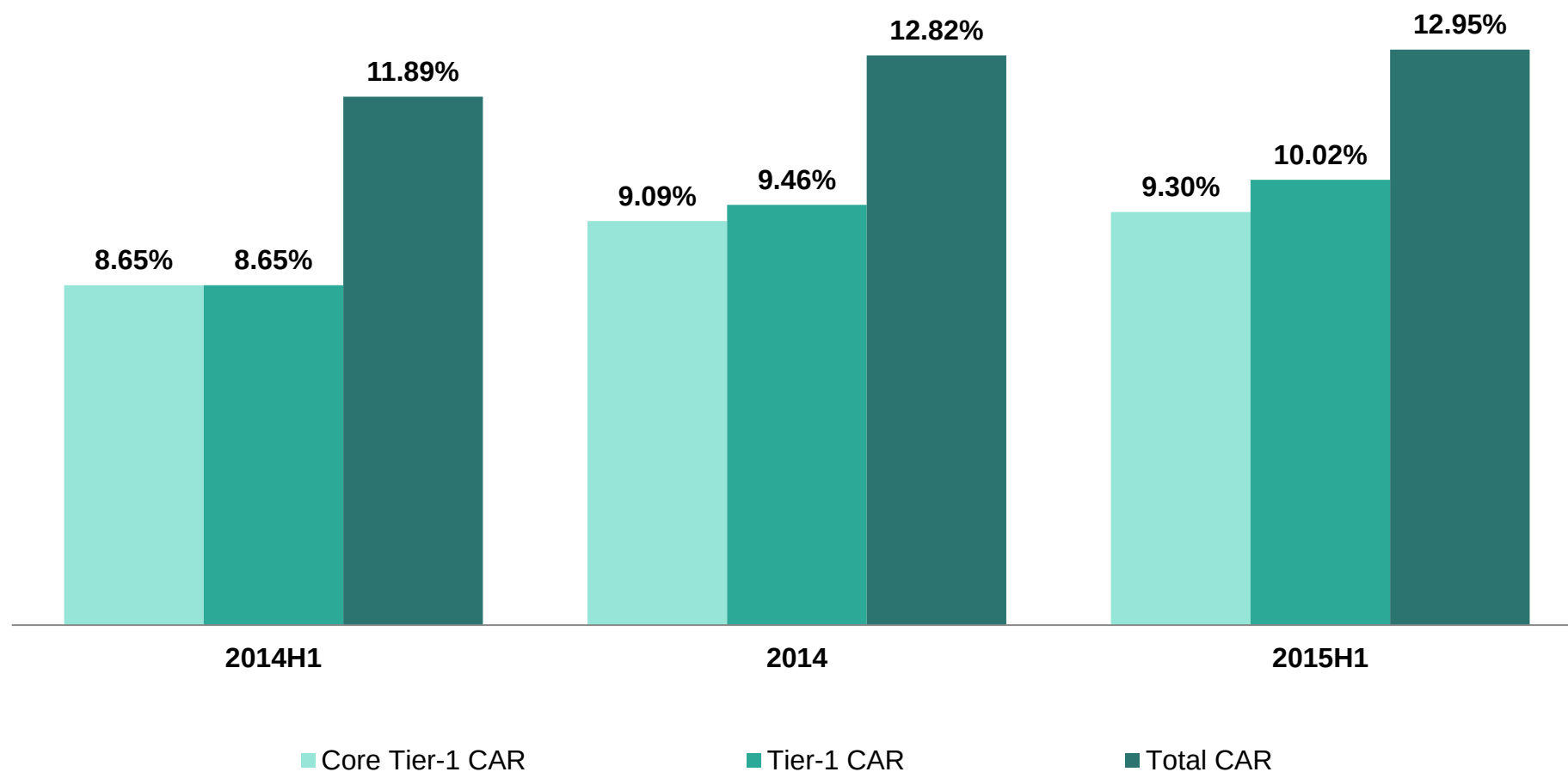
RMB '00 mm



## Coverage Level Significantly Higher than Peers



# Capital Adequacy Ratios: Steady Improvement



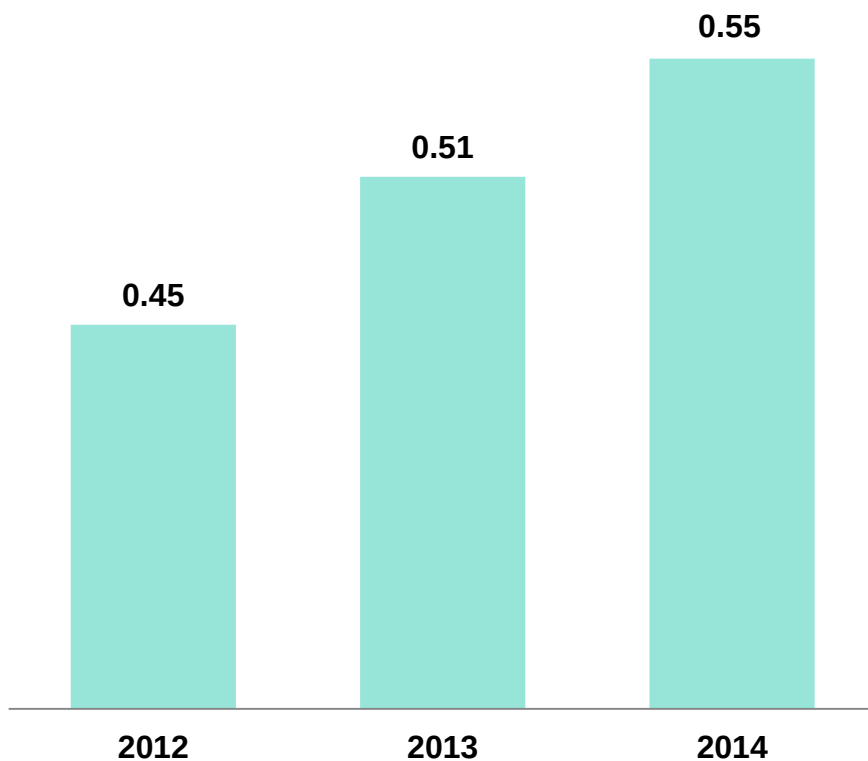
Note: Calculated according to the Capital Rules for Commercial Banks (Provisional) issued by CBRC

# Shareholders' Return: Maintained at High Level



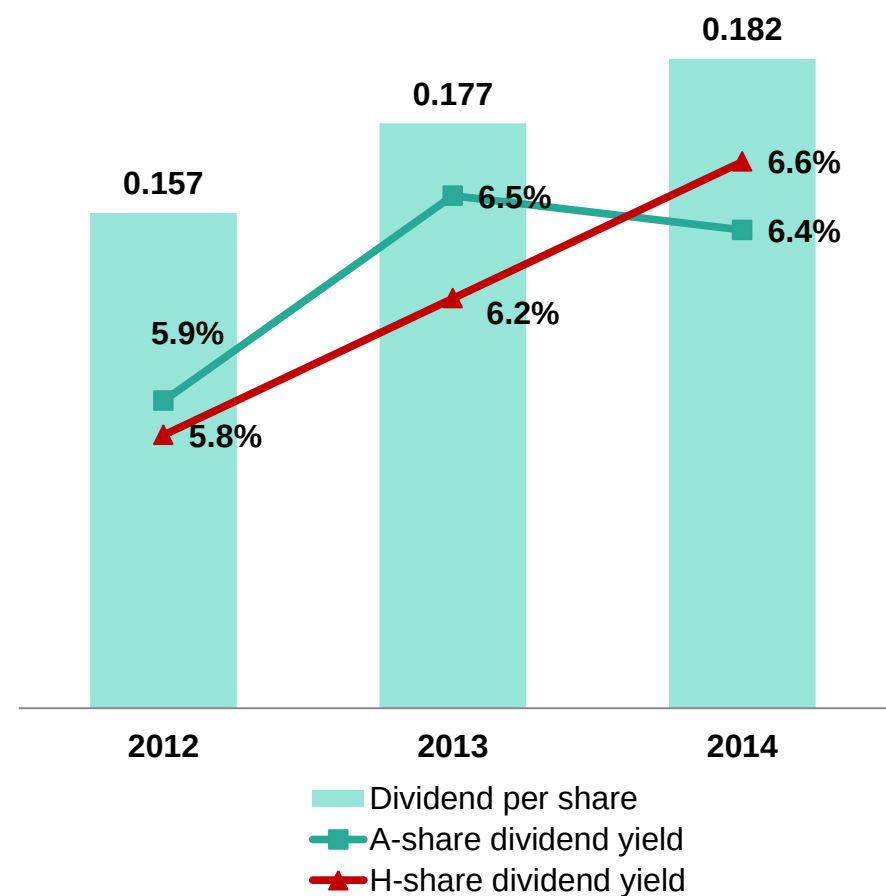
## EPS

RMB



## Dividend per Share and Dividend Yield

RMB



Note: dividend yield = dividend per share / average share price of the year



**Results Overview**



**Business Development**



**Financial Performance**



**County Area Business**



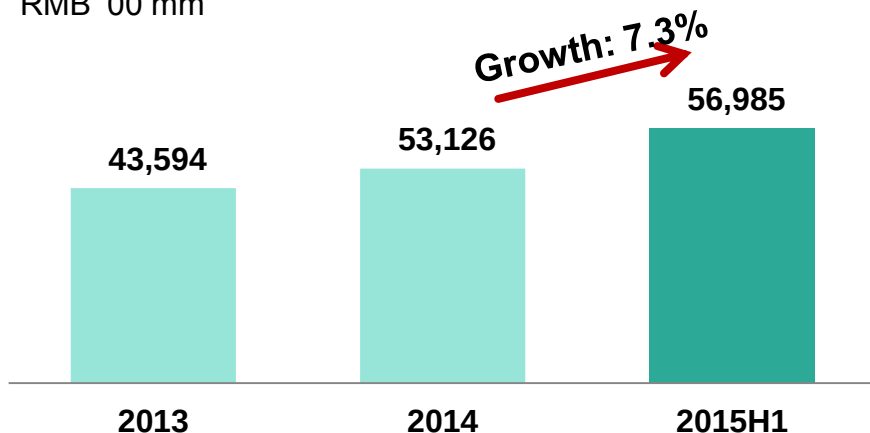
**Future Initiatives**

# County Area Business: Continue the Rapid Growth Momentum



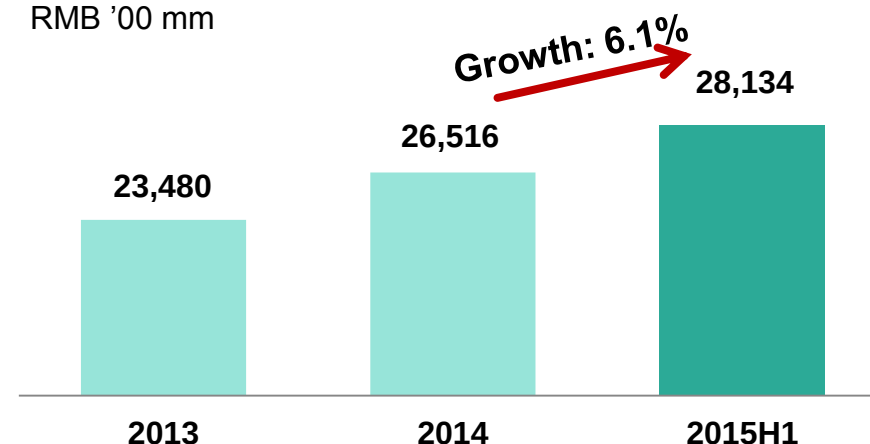
## County Area Deposits

RMB '00 mm



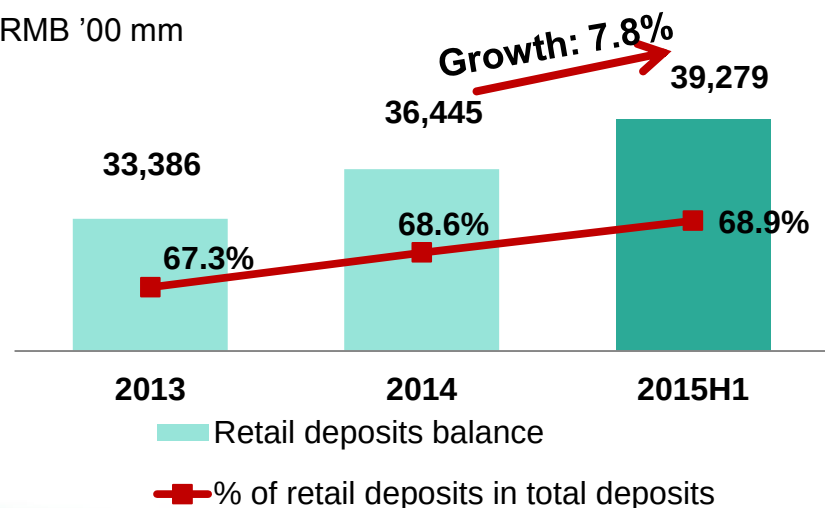
## County Area Loans

RMB '00 mm



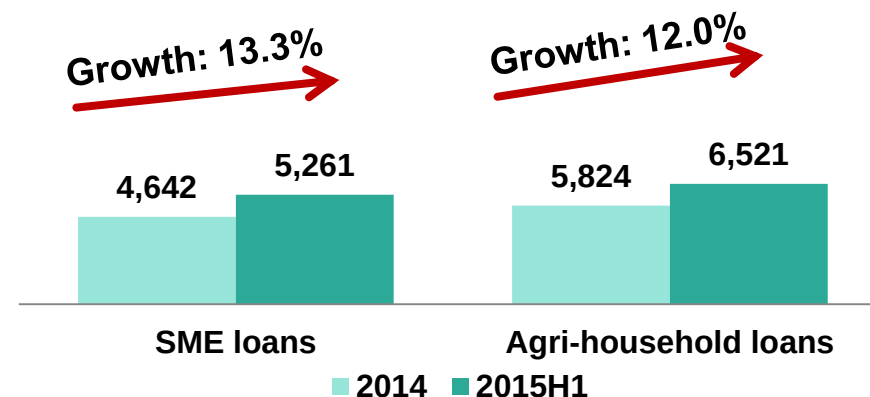
## Rapid Growth in Retail Deposits

RMB '00 mm



## Evident Increase in Key Agro Related Loans

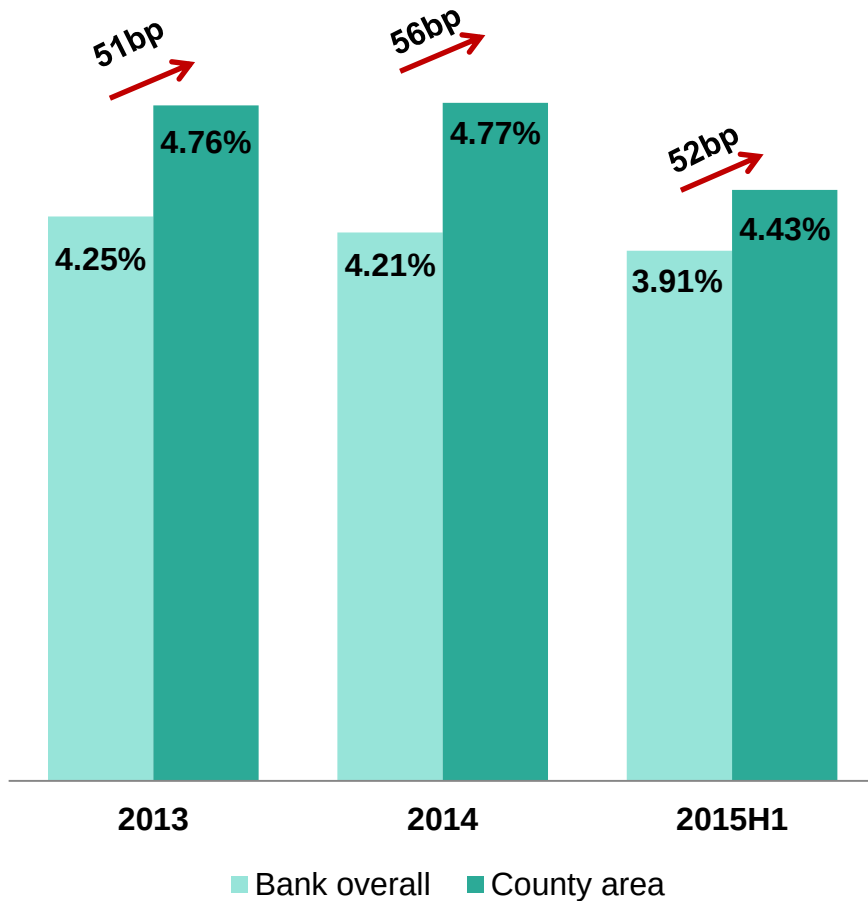
RMB '00 mm



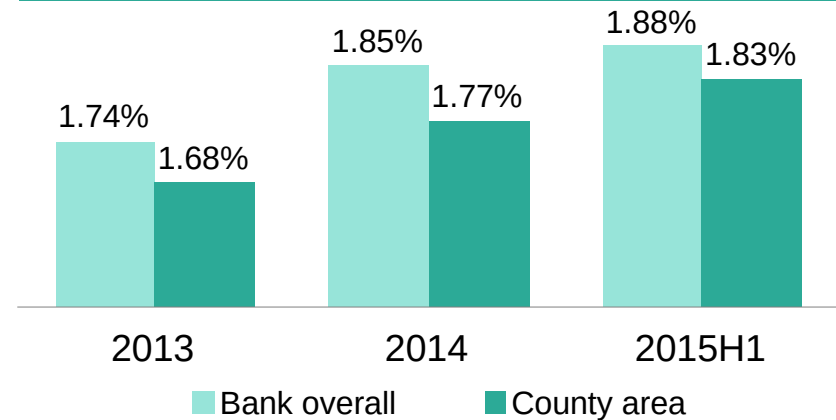
# County Area Business: Distinct Pricing Advantages



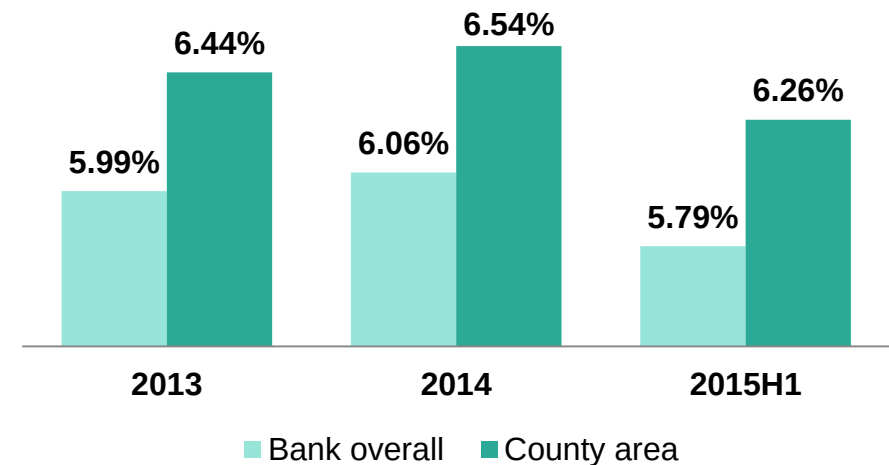
## Greater Advantages in County Area Interest Spread



## County Area Deposit Costs



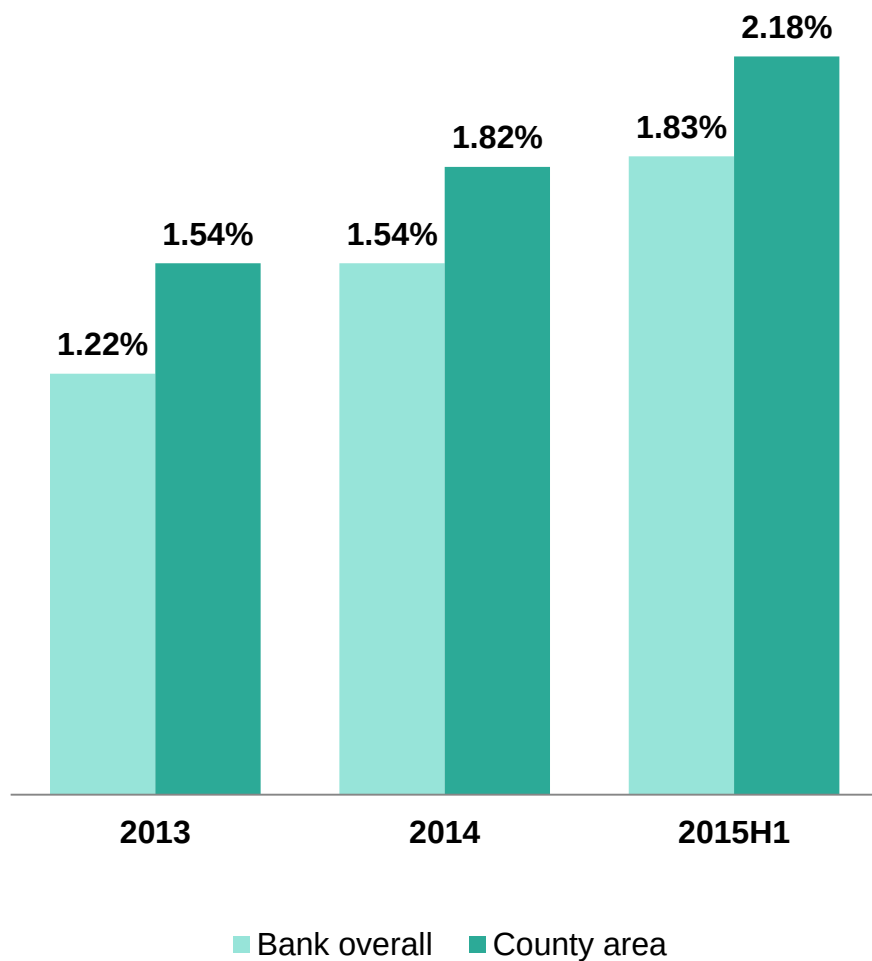
## County Area Loan Yields



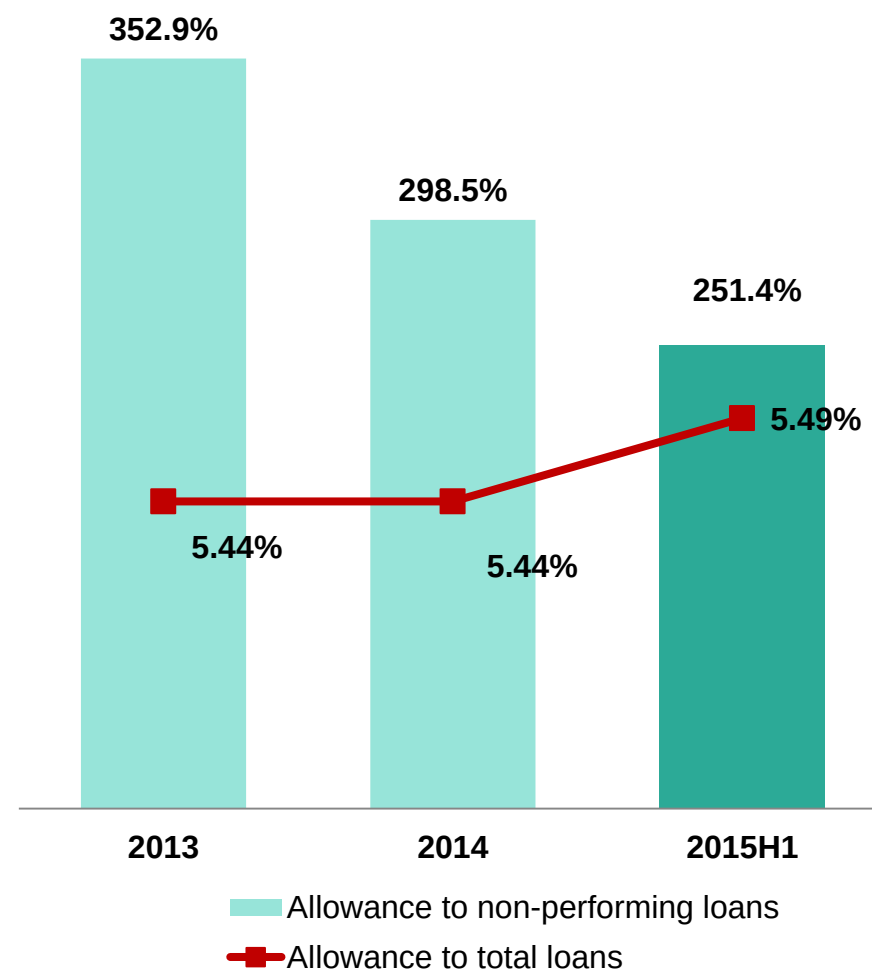
# County Area Business: Asset Quality Movement in Line with Bank Overall



## County Area NPL Ratios



## County Area Provision Coverage





**Results Overview**



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**County Area Business**



**Future Initiatives**



## Seize the transform and development opportunities and improve ABC's core competitive strengths



### Urban Business

- ◆ Implement the strategy of Leading Franchise in 100 cities, enhance competitiveness of urban business
- ◆ Deepen the reform of institutional mechanisms, optimize supporting policies on entry-barrier, authorization and resources allocation, etc.
- ◆ Strengthen support to key industries, projects and customers
- ◆ Intensify retail business transformation, vigorously develop consumer finance and wealth management business

### County Area Business

- ◆ Expand the reform on Sannong Business Unit structure, further improve the business unit system and mechanism
- ◆ Strengthen financial services to the emerging agricultural entities, urbanization, rural power grid, major county enterprises
- ◆ Step up innovative efforts to Sannong Business, accelerate the introduction of highly localized financial products, streamline innovation procedures. Accelerate the implementation of Huinong financial convenience stores and off-branch self service banking network in county areas

### Transformation and Development

- ◆ Innovate the investment and financing business, deepen the transformation of wealth management business, improve interbank proprietary business, further solidify advantages on financial markets and interbank businesses
- ◆ Strengthen the marketing of key projects related to One Belt One Road and Going Abroad initiatives, extend the field of cross-boarder financial services
- ◆ Intensify innovation in internet finance, fully implement internet product system, electronic account regime and interbank payment channels, speed up promotion of mobile financial services
- ◆ Enhance integrated functions of the comprehensive platform and product portfolio

### Risk Management

- ◆ Strengthen NPL target management, focus on distressed customers' risk digestion
- ◆ Push forward special projects to address credit risks, earnestly implement risk prevention and disposal measures
- ◆ Focus on collection, accelerate write-off and batch transfer, explore cooperation with assets management companies in NPL disposals



**Thank you!**

**Q&A**