



FBK

Grant Thornton

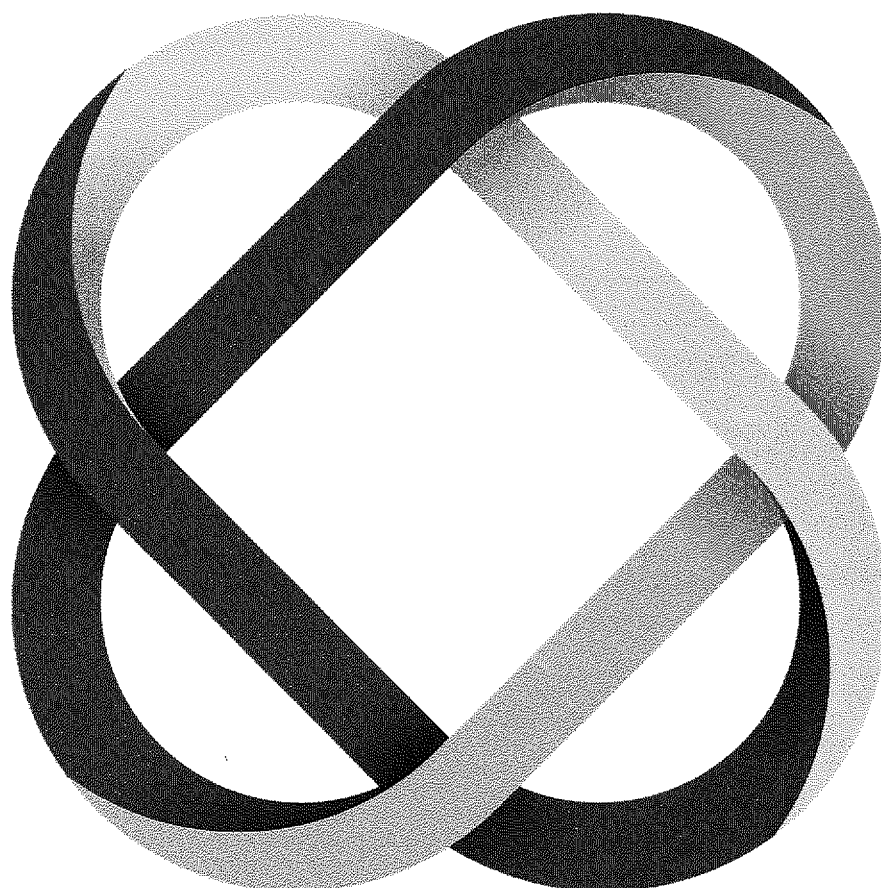
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Bank ICBC (Joint Stock Company)

Independent Auditor's Report

on annual financial statements for 2017

Moscow | 2018



Independent Auditor's Report [Translation from Russian original]

To the Shareholders of

Bank ICBC (JSC)

Opinion

We have audited the accompanying annual financial statements of Bank ICBC (joint-stock company) (hereinafter - Bank ICBC (JSC), the Bank), which comprise the balance sheet (a public disclosure form) for 2017, statement of financial results (a public disclosure form) for 2017, report on capital adequacy level to cover risks, size of loan loss provision and provision for possible losses on other assets (a public disclosure form) as at January 1, 2018, information on mandatory ratios, financial leverage indicator and short-term liquidity ratio (a public disclosure form) as at January 1, 2018, statement of cash flows (a public disclosure form) as at January 1, 2018, and explanatory notes to the annual financial statements for 2017.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Bank ICBC (JSC) as at January 1, 2018, its financial performance and its cash flows for 2017 in accordance with Russian accounting standards.

Emphasis of Matter

Without modifying our opinion we draw attention to Note 3.5. of the financial statements, which describes adjusting events after the reporting date not recognized in the financial statements, including unrecognized additional accrual of provisions for loans, other assets and contingent liabilities, which have a material effect on the annual financial statements of the Bank for 2017, including the financial result for 2017 in the amount of 771,602 ths rubles.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Annual Financial Statements* section of our report. We are independent of the audited entity in accordance with the Rules of Independence of the Auditors and Audit Organizations and The Code of Professional Ethics of the Auditors, which are in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Responsibilities of Management and Those Charged with Governance for the Annual Financial Statements

Management is responsible for the preparation and fair presentation of the annual financial statements in accordance with Russian accounting standards, and for such internal control as management determines is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- a) identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the audited entity's internal control;
- c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management of the audited entity;
- d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the audited entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the audited entity to cease its ability to continue as a going concern;
- e) evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance of the audited entity with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on audit according to the requirements of Federal Law No. 395-I dated December 2, 1990 "On banks and banking activities"

Management of Bank ICBC (JSC) is responsible for compliance by the Bank with the mandatory requirements set by the Bank of Russia as well as for internal control and organization of risk management systems of the Bank to meet the requirements set by the Bank of Russia to the systems like this.

According to Article 42 of Federal Law No. 395-I dated December 2, 1990 "On banks and banking activities" during the audit of the annual financial statements for 2017 we verified whether:

- Bank ICBC (JSC) was in compliance with the mandatory requirements set by the Bank of Russia as at January 1, 2018;
- internal control and organization of risk management systems of Bank ICBC (JSC) were in compliance with the requirements set by the Bank of Russia to the systems like this.

The said audit was limited to such procedures selected based on our judgement as requests, analysis, document examination, comparison of requirements, order and methodologies approved by Bank ICBC (JSC) with the ones set by the Bank of Russia as well as restatement and comparison of amounts and other information.

The audit has established the following:

1) as for meeting the mandatory requirements set by Bank ICBC (JSC):

- values of the mandatory ratios set by the Central Bank of Russia as of January 1, 2018 were within the limits set by the Central Bank of Russia.

We did not conduct any procedures as to accounting records of the Bank other than procedures we believed were necessary for the purpose of expressing our opinion on whether the annual financial statements of ICBC (JSC) presented fairly, in all material respects, its financial position as of January 1, 2018, financial performance and cash flows for 2017 in accordance with Russian accounting standards for credit institutions;

2) internal control and organization of risk management systems of Bank ICBC (JSC) were in compliance with the requirements set by the Bank of Russia to the systems like this:

a) in accordance with the requirements and recommendations of the Bank of Russia as at January 1, 2018 the internal audit service of the Bank reported to the Bank's Board of Directors, the risk management departments of the Bank did not report to the departments assuming the respective risks, the chiefs of the internal audit service and the risk management departments of the Bank meet the qualifications set by the Bank of Russia;

b) as at January 1, 2018 the effective internal documents of the Bank indicating the methodologies for identification and management of credit, operational, market, interest rate, legal, liquidity and goodwill risks relevant for the Bank were approved by the Board of Directors of the Bank in accordance with the requirements and recommendations of the Bank of the Russia, methodologies for stress-testing were approved by the Management Board of the Bank;

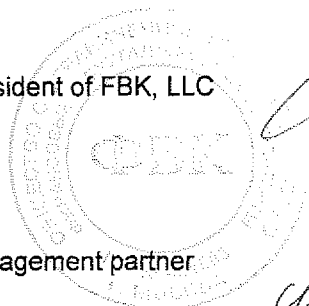
c) as at January 1, 2018 the Bank had the reporting system for credit, operational, market, interest rate, legal, liquidity and goodwill risks relevant for the Bank as well as for the equity of Bank ICBC (JSC);

d) frequency and order of reports prepared by the risk management departments and the internal audit service of the Bank during 2017 as to management of credit, operational, market, interest rate, legal, liquidity and goodwill risks of the Bank were in compliance with the Bank's internal documents; the said reports comprised the results of observation of efficiency measurement of the Bank's respective methodologies conducted by the Bank's risk management departments and the internal audit service as well as recommendations to improve them;

e) as at January 1, 2018 the powers of the Board of Directors of Bank ICBC (JSC) and its executive bodies comprised control over the Bank's compliance with risk limits and capital adequacy set by the Bank's internal documents. For the purpose of control over efficiency of risk management procedures applied in the Bank and order of their application during 2017 the Board of the Directors of the Bank and its executive bodies discussed on a regular basis reports prepared by the risk management departments and the internal audit service, and dealt with the offered measures to remove defects.

The procedures in respect of internal control and organization of risk management systems of Bank ICBC (JSC) have been conducted only to verify whether internal control and organization of risk management systems of the the Bank are in compliance with the requirements set by the Bank of Russia to the systems like this.

President of FBK, LLC



Engagement partner

S.M. Shapiguzov
S.M. Shapiguzov
on the basis of Charter
audit qualification certificate 01-001230, primary
registration number of entry 21606043397

N.P. Mushkarina
N.P. Mushkarina
audit qualification certificate 01-000988 dated
November 19, 2012, primary registration number of
entry 21606041880

Date of Independent Auditor's Report:
March 30, 2018

Bank ICBC (JSC)
Independent Auditor's Report

TRANSLATION NOTE: Our report has been prepared in Russian and in English. In all matters of interpretation of information, views or opinions, the Russian version of our report takes precedence over the English version.



Audited entity

Name:

Bank ICBC (joint-stock company)

Place of business:

29 Serebryanicheskaya naberezhnaya, Moscow,
109028, Russian Federation

Official registration:

Registered by the Central Bank of the Russian
Federation on August 30, 2007, registration number
3475.

The registration entry was made in the Unified State
Register of Legal Entities on August 30, 2007 under
primary state registration number (OGRN)
1077711000157.

Auditor

Name:

FBK, LLC

Place of business:

44/1, 2AB, Myasnitskaya St, Moscow, 101990,
Russian Federation.

Official registration:

State Registration Certificate series IO3 3
No. 484.583 ПП issued by Moscow Registration
Chamber on November 15, 1993. The registration
entry was made in the Unified State Register of Legal
Entities on July 24, 2002 under primary state
registration number (OGRN) 1027700058286.

Membership in self-regulatory organization of auditors:

Self-regulatory organization of auditors Association
"Sodruzhestvo".

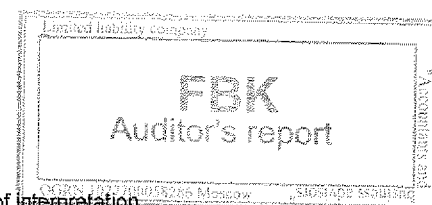
Number in the register of self-regulatory organization of auditors:

Certificate of membership in the self-regulatory
organization of auditors Association "Sodruzhestvo"
No. 7198, number in the register – 11506030481.

Bank ICBC (JSC)

Independent Auditor's Report

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Territory code	Credit institution (its branch)	
OKATO	code OKPO	registration number (/sequence number)
45286580	83056298	3475

Credit organization
Bank ICBC (joint stock company)
/ Bank ICBC (JSC)

Address (location) of the credit organization
109078 Moscow, Serebryanicheskaya nab., 29

Code OKUD 0403805
Quarterly (Annual)

Line	Narrative	Reference number	Data for the reporting period, the rubles	Data for the previous reporting period, the rubles
code				
1	2	3	4	5
I. ASSETS				
1	Cash	4.1, 8.4	30275	99124
2	Funds of credit institution held with the Central Bank of the Russian Federation	4.1, 8.4	3927345	3393303
2.1	Mandatory reserves	4.1, 8.4	348760	425045
3	Funds due from credit institutions	4.1, 8.4	2295476	6766083
4	Financial assets assessed at fair value through profit or loss	4.2, 9.3	0	4294
5	Net loans	4.3, 9.3	36850956	37087574
6	Net investments into securities and other financial assets available for sale		0	0
6.1	Investments in subsidiaries and associates		0	0
7	Net investments in securities held to maturity	4.4, 9.3	5096543	1719039
8	Current income tax claims	4.5, 9.3	31341	39678
9	Deferred tax asset		0	0
10	Fixed assets, intangible assets and inventories	4.6, 9.3	105377	58859
11	Non-current assets available for sale		0	0
12	Other assets	4.7, 9.3	180353	148691
13	Total assets		48517666	50116725
II. LIABILITIES				
14	Loans, deposits and other funds of the Central Bank of the Russian Federation		0	0
15	Funds due to credit institutions	4.8, 9.3	12765020	19516245
16	Funds due to customers, other than credit institutions	4.9, 9.3	21410123	24486278
16.1	Accounts of individuals including sole proprietors		14490	4196
17	Financial liabilities assessed at fair value through profit or loss	4.10, 9.3	0	1305
18	Issued debt liabilities		0	0
19	Current income tax liability	4.11, 9.3	5170	26616
20	Deferred tax liabilities		0	0
21	Other liabilities	4.12, 9.3	503167	261863
22	Provisions for possible losses on credit-related contingencies, on other possible losses and on operations with residents of offshore zones	5.1, 9.3	19568	717
23	Total liabilities		34703048	44311024
III. EQUITY AND RESERVES				
24	Share capital	4.13, 6.1, 6.2	10809500	2309500
25	Own shares (stakes) bought out from shareholders (participants)		0	0
26	Share premium		0	0
27	Reserve fund	6.1, 6.2	174710	108764
28	Fair value revaluation of securities available for sale, reduced by deferred tax liability (increased by deferred tax asset)		0	0
29	Revaluation of fixed and intangible assets reduced by deferred tax liability		0	0
30	Revaluation of liabilities (claims) with regards to payments of long-term remunerations		0	0
31	Revaluation of hedging instruments		0	0
32	Cash received as a free contribution (contributions to property)		0	0
33	Undistributed profit (uncovered loss) of prior periods	6.2	1723237	2066812

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Auditor's report

34	Undistributed profit (loss) of the reporting period	2.2, 6.2	1107151	1118920
35	Total equity and reserves		13814618	5803701
IV. OFF-BALANCE SHEET LIABILITIES				
36	Irrevocable liabilities of the credit institution		6077077	11204331
37	Guarantees and sureties issued by the credit institution		4701629	3185160
38	Non-credit-related contingencies		0	0

President

Li Wencong

Chief Accountant

Kuznetsov N.V.

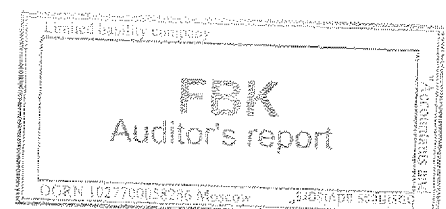
Drafted by

Bank ICBC

Telephone: (495) 287-30-95

26.03.2018

Galkina V.V. (at stock company)



Bank reporting form

Territory code Credit institution (its branch)		
OKATO	Code OKPO	Registration number (/sequence number)
45286580	83086298	3475

Statement of Financial Results
(public disclosure form)
for 2017

Credit organization
Bank ICBC (joint stock company)
/ Bank ICBC (JSC)

Address (location) of the credit organization
109028 Moscow, Serebryanicheskaya nab., 29

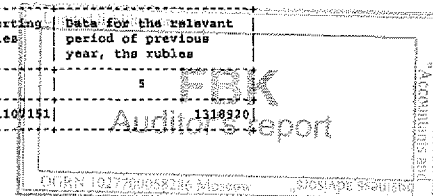
Code OKUD 0409807
Quarterly (Annual)

Section 1. On Profit and Loss

Line code	Narrative	Reference number	Data for the reporting period, the rubles	Data for the relevant period of previous year, the rubles
1	2	3	4	5
1	Total interest income, including:		2332556	2821007
1.1	interest income from interbank placements		1430045	2032623
1.2	interest income on loans to customers, other than credit institutions		662003	674720
1.3	interest income on financial leasing		0	0
1.4	interest income from investments in securities		240508	113664
2	Total interest expense, including:		583842	620355
2.1	interest expense on interbank deposits		253553	273513
2.2	interest expense on customer deposits, other than credit institutions		330289	346842
2.3	interest expense on issued debt		0	0
3	Net interest income (negative interest margin)	2.2	1748714	2200652
4	Total change of provision for possible losses on loans and loan equivalents, funds due from credit institutions and accrued interest income, including:		-57093	-97250
4.1	change of provision for possible losses on accrued interest income		-789	-295
5	Net interest income (negative interest margin) after provision for possible losses	2.2	1691621	2103402
6	Net income from operations with financial assets valued at fair value through profit or loss	2.2	-526973	23191
7	Net income from operations with financial liabilities valued at fair value through profit or loss		0	0
8	Net income from operations with securities available for sale		0	0
9	Net income from operations with securities held to maturity	2.2	1074	2172
10	Net income from operations with foreign currency	2.2; 5.2	-131349	142562
11	Net income from revaluation of foreign currency	2.2; 5.2	1051299	11470
12	Net income from operations with precious metals		0	0
13	Income from participation in capital of other legal entities		0	0
14	Commission income	2.2	62429	71138
15	Commission expense	2.2	13896	6665
16	Change of provision for possible losses on securities available for sale		0	0
17	Change of provision for possible losses on securities held to maturity		0	0
18	Change of provision for other losses	2.2	-28335	-7414
19	Other operating income	2.2	21214	21899
20	Net income (expense)		2127094	2361735
21	Operating expenses	2.2; 5.4	721350	673188
22	Profit (loss) before income tax	2.2	1405744	1688547
23	Income tax expense (refund)	2.2; 5.3	288593	369627
24	Profit (loss) from continued operations	2.2	1107151	1318920
25	Profit (loss) from discontinued operations		0	0
26	Profit (loss) for the reporting period	2.2	1107151	1318920

Section 2. Other Comprehensive Income

Line code	Narrative	Reference number	Data for the reporting period, the rubles	Data for the relevant period of previous year, the rubles
1	2	3	4	5
1	Profit (loss) for the reporting period	2.2	1107151	1318920



2	Other comprehensive income (expense)		X	X
3	Total items not subject to reclassification to profit or loss, including:		0	0
3.1	change in the fixed assets revaluation reserve		0	0
3.2	change in the revaluation of liabilities (claims) on employee pensions under defined benefit pension plan		0	0
4	Income tax on items that are not subject to reclassification to profit or loss		0	0
5	Other comprehensive income (expense) that is not subject to reclassification to profit and loss, net of income tax		0	0
6	Total items that are not subject to reclassification to profit and loss, including:		0	0
6.1	change of revaluation reserve of financial assets available for sale		0	0
6.2	change of reserve for cash flows hedging		0	0
7	Income tax on the items that are entitled to reclassification to profit or loss		0	0
8	Other comprehensive income (expense) which may be reclassified to profit or loss net of income tax		0	0
9	Other comprehensive income (expense), net of income tax		0	0
10	Financial result for the reporting period		1107151	1314920

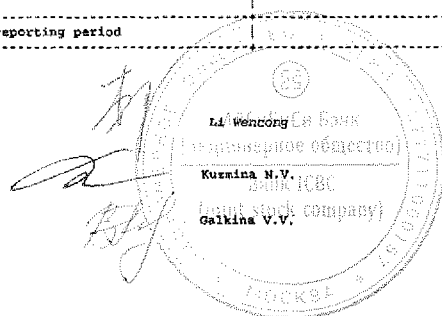
President

Chief Accountant

Drafted by

Telephone: (495) 287-30-93

26.03.2018



Bank reporting form			
Territory code	Credit institution (its branch)	code OKPO	registration number (/sequence number)
45206580	83086298	3475	

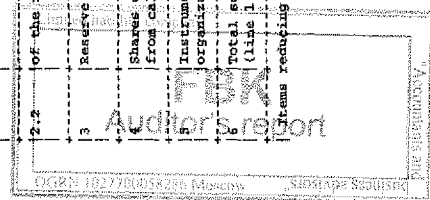
REPORT ON CAPITAL ADEQUACY LEVEL TO COVER RISKS, SIZE OF LOAN LOSS PROVISION AND PROVISION FOR POSSIBLE LOSSES ON OTHER ASSETS
(PUBLIC DISCLOSURE FORM)
As of 01.01.2018

Credit organization
Bank ICBC (joint stock company)
/ Bank ICBC (JSC)
Address (location) of the credit organization
(head credit organization of the bank group)
109028 Moscow, Serbiyantskaya nab., 29

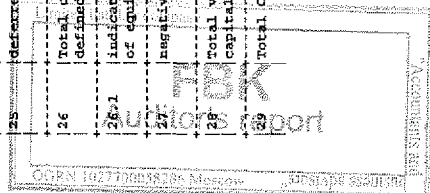
Code OKUD 0409808
Quarterly (annual)

Section 1. Information on capital adequacy level

Line number	Instrument type	Reference number	Instrument value (indicator's size) as of the reporting date, the rubles	Instrument value (indicator's size) as of the beginning of the reporting year, the rubles	Instrument value (indicator's size) as of the beginning of the reporting year, the rubles	Instrument value (indicator's size) as of the beginning of the reporting year, the rubles
1	2	3	4	5	6	7
Sources of Core capital						
1	Total share capital and share premium including those already formed:	4.13, 6.2	10809500.0000	X	2309500.0000	X
1.1	by ordinary shares (stakes)	4.13, 6.2	10809500.0000	X	2309500.0000	X
1.2	by preference shares		0.0000	X	0.0000	X
2	Undistributed profit (loss):	6.2	1723257.0000	X	2066517.0000	X
2.1	of prior years	6.2	1723257.0000	X	2066517.0000	X
2.2	of the reporting year		0.0000	X	0.0000	X
3	Reserve Fund	6.1, 6.2	174710.0000	X	108764.0000	X
4	Shares of share capital subject to gradual exclusion from calculation of equity (capital)		not applicable	X	not applicable	X
5	Instruments of Core capital of daughter organization belonging to third parties		not applicable		not applicable	
6	Total sources of Core capital (line 1 +/- line 2 + line 3 - line 4 + line 5)		12707467.0000	X	4484781.0000	X
Items reducing sources of Core capital						



7	Adjustment of trading portfolio		not applicable	0.0000		not applicable	0.0000
8	Business reputation (goodwill) less deferred tax liabilities			0.0000			0.0000
9	Intangible assets (except for business reputation and value of rights to service mortgage customers) less deferred tax liabilities	6.2		28324.0000	7081.0000	6517.0000	4344.0000
10	Deferred tax assets dependent on future profit			0.0000		0.0000	
11	Reserves for hedging cash flows		not applicable	0.0000		not applicable	0.0000
12	Insufficient provisions for possible losses			0.0000		0.0000	
13	Income from securitization transactions		not applicable	0.0000		not applicable	0.0000
14	Income and expense connected with change of credit risk on liabilities assessed at fair value		not applicable	0.0000		not applicable	0.0000
15	Assets of defined pension plan		not applicable	0.0000		not applicable	0.0000
16	Investments in own shares (stakes)			0.0000		0.0000	
17	Mutual cross-ownership of shares (stakes)		not applicable	0.0000		not applicable	0.0000
18	Insufficient investments in Core capital instruments of financial organizations			0.0000		0.0000	
19	Insufficient investments in Core capital instruments of financial organizations			0.0000		0.0000	
20	Rights to service mortgage customers		not applicable	0.0000		not applicable	0.0000
21	Deferred tax assets not dependent on future profit			0.0000		0.0000	
22	Total aggregate amount of significant investments and deferred tax assets to the extent, higher than 1% of the Core capital, including:			0.0000		0.0000	
23	Significant investments in instruments of Core capital of financial organizations			0.0000		0.0000	
24	Rights to service mortgage customers		not applicable	0.0000		not applicable	0.0000
25	Deferred tax assets not dependent on future profit			0.0000		0.0000	
26	Total other elements reducing sources of Core capital, as defined by the Central Bank of Russia, including:			0.0000		0.0000	
26.1	Indicators subject to gradual exclusion from calculation of equity (capital)			0.0000	X	0.0000	X
27	Negative value of Supplementary capital	6.2		7081.0000	X	4344.0000	X
28	Total value of indicators reducing sources of Core capital (sum of lines from 7 through 22, and lines 26 & 27) 6.2			35405.0000	X	10861.0000	X
29	Total Core capital (line 6 - line 28)	6.1		12672062.0000	X	4473920.0000	X



10

Sources of Supplementary capital									
30	Total instruments of Supplementary capital and share premium, including:								
31	those classified as capital	0.0000	X				0.0000	X	
32	those classified as liabilities	0.0000	X				0.0000	X	
33	Instruments of Supplementary capital subject to gradual exclusion from the calculation of equity (capital)	0.0000	X				0.0000	X	
34	Total instruments of Supplementary capital of daughter organizations, that belong to third parties, including:	not applicable	X				not applicable	X	
35	Instruments of Supplementary capital of daughter organizations belonging to third parties and subject to gradual exclusion from calculation of equity (capital)	0.0000	X				0.0000	X	
36	Total sources of Supplementary capital (line 30 + line 33 + line 34)	0.0000	X				0.0000	X	
Items reducing sources of Supplementary capital									
37	Investments in equity instruments of Supplementary capital	0.0000					0.0000		
38	Mutual cross ownership of instruments of Supplementary capital	not applicable					not applicable		
39	Insignificant investments in Supplementary capital instruments of financial organizations	0.0000					not applicable		
40	Significant investments in Supplementary capital instruments of financial organizations	0.0000					0.0000		
41	Total other items reducing sources of Supplementary capital as defined by the Central Bank of Russia, including:	7081.0000	X				4344.0000	X	
41.1	Total items subject to gradual exclusion from calculation of equity (capital), out of this:	7081.0000	X				4344.0000	X	
41.1.1	Intangible assets	7081.0000	X				4344.0000	X	
41.1.2	Own shares (stakes) purchased/ bought back from shareholders (participants)	0.0000	X				0.0000	X	
41.1.3	Shares(stakes) of daughter and associate financial and credit organizations - residents	0.0000	X				0.0000	X	
41.1.4	Sources of equity capital, that are based on assets of improper quality	0.0000	X				0.0000	X	
41.1.5	Negative value of Additional capital due to adjustments made to the equity (capital) in the amount of sources of Additional capital formed with improper assets by investors	0.0000	X				0.0000	X	
42	Negative value of Additional capital	0.0000	X				0.0000	X	
43	Items reducing sources of Supplementary capital (sum of lines from 37 through 42)	7081.0000	X				4344.0000	X	
44	Total Supplementary capital (line 36 - line 43)	0.0000	X				0.0000	X	
45	Total Core capital (line 29 + line 44)								

Auditor's report

	calculation					
77	Restrictions as to inclusion into calculation of Additional capital of provisions for possible losses calculated under the standardized approach	not applicable	0.0000	X	not applicable	0.0000
78	Provisions for possible losses, included into calculation of Additional capital, with regard to positions upon which an internal model approach is used for credit risk calculation	not applicable	0.0000	X	not applicable	0.0000
79	Restrictions as to inclusion into calculation of Additional capital of provisions for possible losses calculated under the approach that uses internal models	not applicable	0.0000	X	not applicable	0.0000
Items that are subject to gradual exclusion from the calculation of equity (capital) (applicable from 1 January 2018 till 1 January 2022)						
80	Current restrictions as to inclusion into sources of Core capital of instruments, that are subject to gradual exclusion from the calculation of equity (capital)		0.0000	X		0.0000
81	Part of instruments not included into sources of Core capital due to restrictions		0.0000	X		0.0000
82	Current restrictions as to inclusion into sources of Supplementary capital of instruments, that are subject to gradual exclusion from the calculation of equity (capital)		0.0000	X		0.0000
83	Part of instruments not included into sources of Supplementary capital due to restrictions		0.0000	X		0.0000
84	Current restrictions as to inclusion into sources of Additional capital of instruments that are subject to gradual exclusion from the calculation of equity(capital)		0.0000	X		0.0000
85	Part of instruments not included into sources of Additional capital due to restrictions		0.0000	X		0.0000

2.2	Total with higher risk coefficients, including:	9.3	14285443	14026470	14805348	12733839	12539721	12013508
2.2.1	with risk coefficient 110%		11042822	10793727	11872918	815631	740473	814520
2.2.2	with risk coefficient 130%		2544924	2254924	1465701	764922	764922	4970499
2.2.3	with risk coefficient 150%		987696	97819	1466729	4271286	4152326	6228469
2.2.4	with risk coefficient 250%		0	0	0	0	0	0
2.2.5	with risk coefficient 1250%		0	0	0	0	0	0
2.2.5.1	transactions on cession of claims to mortgage agents or professional claims collector groups, including claims supported by mortgage bonds		0	0	0	0	0	0
3	Total consumer loans, including:		0	0	0	0	0	0
3.1	with risk coefficient 110%		0	0	0	0	0	0
3.2	with risk coefficient 140%		0	0	0	0	0	0
3.3	with risk coefficient 170%		0	0	0	0	0	0
3.4	with risk coefficient 200%		0	0	0	0	0	0
3.5	with risk coefficient 300%		0	0	0	0	0	0
3.6	with risk coefficient 600%		0	0	0	0	0	0
4	Total credit risk on credit-related contingencies including:	9.3	10443433	10423665	7495539	7736639	7735922	4990970
4.1	on financial instruments with high risk		5347704	5336136	5601038	3095160	3095160	3336389
4.2	on financial instruments with medium risk		3785001	3785001	1892501	3283479	3280762	1640381
4.3	on financial instruments with low risk		0	0	0	70000	70000	14000
4.4	on financial instruments with no risk		1310728	1300728	0	1290000	1290000	0
5	Credit risk on derivative financial instruments	9.3	0	0	0	22951	22951	29036

<1> The assets classification by risk group was performed in accordance with par 2.3 of Instruction No.139-N of the Central Bank of Russia.
 <2> Country ratings are stated according to classification of exports credit agencies, that participate in the initiative of OECD countries "On the main principles of issuance of export credits, with official support" (information on country ratings is published on the official web site of the Central Bank of Russia in information and telecommunication network "Internet" in Section "Banking Supervisor").
 <3> Ratings of long-term creditworthiness of a credit organization are determined on the basis of assigned international credit ratings of credit rating agencies: Standard & Poor's or Fitch Ratings's or Moody's Investors Service.

Subsection 2.2. Credit risk under internal ratings approach

Line number	Narrative	Reference number	As of the reporting date				As of the beginning of the reporting year			
			Value of assets (instruments) based on internal ratings, the rubles	Assets (instruments) less provisions for possible losses, the rubles	Aggregate size of credit risk, the rubles	Value of assets (instruments) based on internal ratings, the rubles	Assets (instruments) less provisions for possible losses, the rubles	Aggregate size of credit risk, the rubles		
1	2	3	4	5	6	7	8	9		
1	Credit risk calculated by application of a basis approach underpinned by internal ratings		0	0	0	0	0	0		
2	Credit risk calculated by application of an advanced approach underpinned by internal ratings		0	0	0	0	0	0		

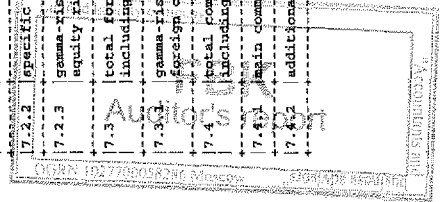


Subsection 2.3 Operating risk

Line number	Narrative	Reference number	As of the reporting date	As of the beginning of the reporting year
1	2	3	4	5
6	Total Operating risk (the rubles), including:	9.3	280691.0	181416.0
6.1	Total Income for the purpose of calculation of capital to cover operating risk, including:	9.3	2464242.0	2277509.0
6.1.1	Net interest income	9.3	2200652.0	1052552.0
6.1.2	Net non-interest income	9.3	263590.0	1224957.0
6.2	Number of years preceding the calculation of operating risk size	9.3	3.0	3.0

Subsection 2.4 Market risk

Line number	Narrative	Reference number	As of the reporting date, the rubles	As of the beginning of the reporting year, the rubles
1	2	3	4	5
7	Total Aggregate market risk, including:		942698.9	8847546.3
7.1	Total interest rate risk, including:		0.0	0.0
7.1.1	general		0.0	0.0
7.1.2	specific		0.0	0.0
7.2.3	gamma-risk and vega-risk regarding options included into interest rate risk calculation		0.0	0.0
7.2	total equity risk, including:		0.0	0.0
7.2.1	general		0.0	0.0
7.2.2	specific		0.0	0.0
7.2.3	gamma-risk and vega-risk regarding options included into equity risk calculation		0.0	0.0
7.3	total foreign currency risk, including:		75415.9	707803.7
7.3.1	gamma-risk and vega-risk regarding options included into foreign currency risk calculation		0.0	0.0
7.4	total commodity risk, including:		0.0	0.0
7.4.1	main commodity risk		0.0	0.0
7.4.2	additional commodity risk		0.0	0.0



7.4.3	gamma-risk and vega-risk regarding options included into commodity risk calculation	0.0	0.0
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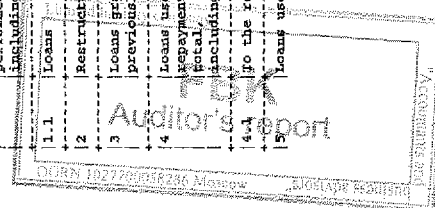
Section 3. Information on size of separate types of assets, credit-related contingencies and size of created provision for possible losses on loans

Subsection 3.1. Information on size of provision for possible losses and other assets

Line number	Narrative	Reference number	As of the reporting date, the rubles	Increase (+)/reduction (-) for the reporting period, the rubles	As of the beginning of the reporting year, the rubles
1	2	3	4	5	6
1	Total actual Provision for possible losses, including:	5.1	339322	85428	253894
1.1	Provision for possible losses on loans and loan equivalents	5.1	202904	57093	235911
1.2	provision for possible losses on other balance sheet assets, where a risk of losses exists	5.1	26850	9484	17366
1.3	provision for possible losses on credit-related contingencies; provision on securities, rights to which are determined by depositaries not meeting the Russia's Central Bank's requirements, that are accounted for on off-balance sheet accounts	5.1	19568	18851	717
1.4	provision for operations with residents of offshore zones	5.1	0	0	0

Subsection 3.2. Information on assets and credit-related contingencies classified upon the decision of the authorized management body of the credit institution in higher quality category than it follows from formalized evaluation criteria of the credit risk

Line number	Narrative	Amount of claims, the rubles	in accordance with requirements specified in Regulation of the Bank of Russia No. 254-II and Regulation of the Bank of Russia No. 283-II	%	the rubles	%	the rubles	Change in size of formed provisions
1	2	3	4	5	6	7	8	9
1	Claims to contractors showing the signs evidencing possible lack of any real activity performed by them, total, including:	987596	21.00	207416	1.00	9877	-20.00	-197539
1.1	Loans	987432	21.00	207361	1.00	9874	-20.00	-197487
2	Restricted loans	611537	13.04	796913	0.60	36720	-12.44	-760193
3	Loans granted to borrowers for repayment of debts under previously granted loans	9561633	21.00	2007944	0.50	48240	-20.50	-1959704
4	Loans used for granting of loans to third parties and repayment of previous liabilities of other borrowers, total, including:	0	0.00	0	0.00	0	0.00	0
4.1	Loans to the reporting credit institution	0	0.00	0	0.00	0	0.00	0
5	Loans used to purchase and/or cancel	0	0.00	0	0.00	0	0.00	0



Equity securities									
6	Loans used to invest into the authorized capitals of other legal entities	0	0.00	0	0.00	0	0.00	0	0
7	Loans arisen due to termination of previous liabilities of the borrower in the form of novation or buyout	0	0.00	0	0.00	0	0.00	0	0
8	Credit-related contingencies to contractors showing the signs evidencing possible lack of any real activity performed by them	0	0.00	0	0.00	0	0.00	0	0

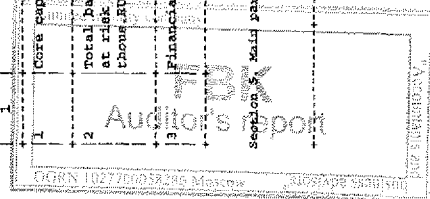
Subsection 3.3. Information on securities, rights to which are certified by depositaries, provision for possible losses under which is formed in accordance with Instruction of the Bank of Russia No. 2732-Y

Line number	Narrative	Book value of securities	Fair value of securities	in accordance with Regulation of the Bank of Russia No.203-П	in accordance with Instruction of the Bank of Russia No.2732-Y	Formed provision for possible losses	total
1	2	3	4	5	6	7	
1.	Securities, total, including:	0	0	0	0	0	0
1.1	Rights to which are certified by foreign depositaries	0	0	0	0	0	0
2.	Equity securities, total, including:	0	0	0	0	0	0
2.1	Rights to which are certified by foreign depositaries	0	0	0	0	0	0
3.	Debt securities, total, including:	0	0	0	0	0	0
3.1	Rights to which are certified by foreign depositaries	0	0	0	0	0	0

Section 4. Information on financial leverage indicator

Line number	Narrative	Reference number	As of the reporting date	One quarter back from the reporting date	Two quarters back from the reporting date	Three quarters back from the reporting date
1	2	3	4	5	6	7
1	Core capital, this rubles	7.2	12672062.0	12572746.0	14288670.0	14293676.0
2	Total balance sheet assets and off-balance sheet claims at risk for calculation of financial leverage, in thousand	7.2	55586117.0	55038289.0	55588697.0	49861019.0
3	Financial leverage indicator under Basel III, (%)	7.2	22.8	23.0	25.7	28.7

Section 5. Main parameters of capital instruments



2 non-cumulative	convertible	Capital adequacy ratio for core capital calculated in line with the Instruction 1804 of the Central Bank of Russia is at level below 2% for 6 and more banking days running during any 30 consecutive	fully or partially	not applicable	obligatory	core capital	ICBC Bank (PSC)	yes	per legislation	partially or fully	regular

Section 5. Continued

No / Parameter name	Recovery mechanism	Subordinated nature of instrument	Compliance with requirements of Regulation No. 395-II and Regulation No. 509-II of the Central Bank of Russia	Description of non-compliance
34		35	36	37
1 not applicable	not applicable	yes	not applicable	
2 not applicable	not applicable	yes	not applicable	

Section "For reference". Information about loan loss provision movements.

1. Creation of (charge to) the loan loss provision in the reporting period (this rubles),
Total 31843, including due to:

1.1. loan issuance 157014;

1.2. changes in loan quality 130190;

1.3. changes of the official exchange rate of foreign currency to rouble, established by the Central Bank of Russia 18099;

1.4. other reasons 13340.

2. Recovery (reduction) of the loan loss provision in the reporting period (this rubles),
Total 261540, including due to:

2.1. uncollectible loans 0;

2.2. loan repayments 115076;

2.3. changes in loan quality 96838;

2.4. changes of the official exchange rate of foreign currency to rouble, established by the Central Bank of Russia 39521, (bank stock company)

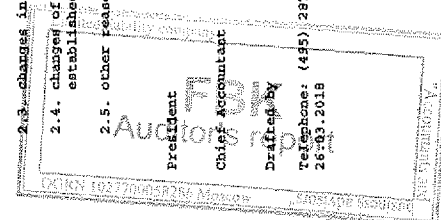
2.5. other reasons 10105.



Li Mancong

Kuzmina M.V.

Galkina V.V.



Bank reporting form		
Territory code OKATO	Credit institution (its branch)	
	code OKPO	registration number (/ sequence number)
452865800	83086298	3475

**INFORMATION ON MANDATORY RATIOS, FINANCIAL LEVERAGE INDICATOR
AND SHORT-TERM LIQUIDITY RATIO
(public disclosure form)
as of 01.01.2018**

Credit organisation
Bank ICBC (joint stock company)
/ Bank ICBC (JSC)

Address (location) of the credit organisation
109028 Moscow, Serebryanicheskaya nab., 29

Code OKUD 0409813
Quarterly (Annual)

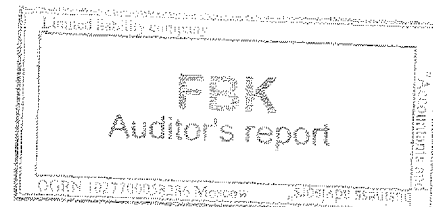
Section 1. Mandatory ratios

Line number	Narrative	Reference number	Regulatory requirement, %	Actual value, %	
				as of the reporting date	as of the beginning of the reporting year
1	2	3	4	5	6
1	Core capital adequacy ratio (H1.1), with regard to a banking group (H20.1)	6.1; 7.1	4.5	28.7	10.3
2	Main capital adequacy ratio of a Bank (H1.2), with regard to a banking group (H20.2)	6.1; 7.1	6.0	28.7	10.3
3	Equity (capital) ratio of a Bank (H1.0), with regard to a banking group (H20.0)	6.1; 7.2	8.0	37.8	20.3
4	Equity (capital) ratio of a non-banking credit organization, which has right to perform wire transfers without opening an account and is related to other banking operations (H1.3)		0.0	0.0	0.0
5	Ratio of instant liquidity of a Bank (H2)	7.1	15.0	38.0	49.1
6	Ratio of a current liquidity of a Bank (H3)	7.1	50.0	63.8	76.4
7	Ratio of a long-term liquidity of a Bank (H4)	7.1	120.0	73.7	64.4
8	Ratio of the maximum risk per one borrower or group of related borrowers (H6)	7.1	25.0	Maximum 17.1 Minimum 0.1	Maximum 19.8 Minimum 3.2
9	Ratio of the maximum large credit exposure (H7), with regard to a banking group (H22)	7.1	800.0	190.1	269.2
10	Ratio of the maximum exposure to credit, bank guarantees and sureties, provided by the Bank to its shareholders (participants) (H8.1)	7.1	50.0	5.3	19.8
11	Ratio of the aggregate risk on the Bank's insiders (H10.1)		1.0	0.0	0.0
12	Ratio of use of equity (capital) of the Bank for acquisition of shares (stakes) in other legal entities (H12), ratio of use of equity (capital) of a banking group for acquisition of shares (stakes) in the parent credit organization by a banking group and participants banking group of shares (stakes) of other legal entities (H23)		25.0	0.0	0.0
13	Ratio of liquid assets with maturity within the next 30 calendar days to the sum of liabilities of the non-banking credit organization for settlements, RMCO (H15)		0.0	0.0	0.0
14	Liquidity ratio of a non-banking credit organization with the right to make wire transfers without account opening and related to that other banking operations (H15.1)		0.0	0.0	0.0
15	Ratio of the maximum aggregate size of loans to customers - participants of settlements to completed settlements (H16)		0.0	0.0	0.0
16	Ratio of loans made by RMCO on its own behalf and at its own expense to customers, except for customers-participants of settlements (H16.1)		0.0	0.0	0.0
17	The minimum ratio of mortgage coverage size and size of bond issue secured by mortgage (H18)		0.0	0.0	0.0
18	Ratio of the maximum risk size per one related person (a group of related persons) (H25)	7.1	20.0	5.3	0.0

Section 2. Information on financial leverage indicator

**Section 2.1 Calculation of balance sheet assets size and off-balance sheet claims at risk
For calculation of financial leverage indicator**

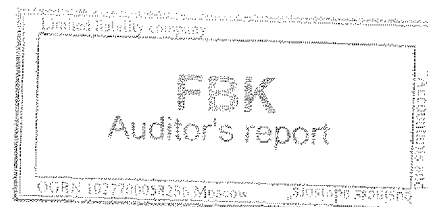
Line number	Narration	Reference number	Amount, the rubles
1	2	3	4
1	Total assets as per the Balance sheet (public disclosure form)	7.1	48517666



2	Adjustment regarding investments into capital of credit, financial, insurance or other organizations as their reporting data is included into consolidated financial statements, but not included into calculation of equity capital size, mandatory ratios and limit sizes for open currency positions of banking group		not applicable for reporting of a credit organization, as of a legal entity
3	Adjustment regarding fiduciary assets recorded as per accounting rules but not included into financial leverage calculation		0
4	Adjustment regarding derivative financial instruments (DFI)		0
5	Adjustment regarding lending operations by means of securities		0
6	Adjustment regarding bringing to a credit equivalent of credit-related contingencies	7.2	8251710
7	Other adjustments	7.2	1203259
8	Total balance sheet assets and off-balance sheet claims at risk, with consideration of adjustments for financial leverage calculation	7.2	55566117

Section 2.2 Calculation table for financial leverage

Line number	Description	Reference number	Amount, thousand rubles
1	2	3	4
Risk on balance sheet assets			
1	Total Balance sheet assets size;		47349612.0
2	Adjustment to reduce the amount by the sum of balances for reduction of core capital sources		35405.0
3	Total Balance sheet assets at risk subject to the adjustment (difference between lines 1 and 2)		47314407.0
Risk on operations with derivative financial instruments (DFI)			
4	Total current credit risk on operations with DFI (less calculated variation margin)		0.0
5	Total potential credit risk on operations with DFI per counterparty		0.0
6	Adjustment for the size of the nominal amount of the provided collateral on operations with DFI, subject to a balance sheet write-off in accordance with accounting rules		not applicable as per Russian accounting rules
7	Reducing adjustment to the amount of transferred variation margin (under defined circumstances)		0.0
8	Adjustment to the size of claims of the Bank, participant of clearing, to a central counterparty for executing customers' deals		0.0
9	Credit risk adjustment regarding the underlying asset on issued credit-related DFI		0.0
10	Reducing adjustment regarding issued credit-related DFI		0.0
11	Total risk size on DFI, subject to adjustments (sum of lines 4, 5, 9 less lines 7, 8, 10)		0.0
Risk on lending operations by means of securities			
12	Total claims on lending operations by means of securities (without netting)		0.0
13	Netting adjustment to the monetary part (of claims and liabilities) of lending operations by means of securities		0.0
14	Credit risk size per counterparty on lending operations by means of securities		0.0
15	Risk size on guarantee lending operations by means of securities		0.0
16	Total claims on lending operations by means of securities, subject to adjustments (sum of lines 12, 14, 15 less line 13)		0.0
Risk on credit-related contingencies			
17	Total nominal value of risk on credit-related contingencies		10443413.0
18	Adjustment related to application of credit equivalent coefficient		2191723.0
19	Total risk size on credit-related contingencies subject to adjustments (line 17 less line 18)		8251710.0



Capital at risk			
20	Core capital	7.2	12672061.0
21	Total size of balance sheet assets and off-balance sheet claims at risk for calculation of financial leverage (the sum of lines 3, 11, 16, 19)	7.2	55566117.0
Financial leverage indicator			
22	Financial leverage indicator as per Basel III (line 20/ line 21) (in %)	7.2	22.8

Section 3. Information on calculation of the ratio of short-term liquidity

Line number	Description	Reference number	as of 01.01.2017		as of 01.07.2017		as of 01.10.2017		as of 01.12.2017	
			size of claims (liabilities), the rubles	weighted size of claims (liabilities), the rubles	size of claims (liabilities), the rubles	weighted size of claims (liabilities), the rubles	size of claims (liabilities), the rubles	weighted size of claims (liabilities), the rubles	size of claims (liabilities), the rubles	weighted size of claims (liabilities), the rubles
1	Highly liquid assets (HLS) including additional claims (assets), included into numerator of NSL (Q27)		X		X		X		X	
2	Total cash of individuals, including:									
3	- savings cash funds									
4	- variable cash funds									
5	Total cash of customers attracted without collateral, including:									
6	- depositing deposits									
7	- deposits, other than operating (other deposits)									
8	Unsecured debt liabilities		X		X		X		X	
9	Risk of customers attracted with collateral, including:									
10	- additionally expected cash outflow, total									
11	- on derivative financial instruments and due to potential need for additional collateral									
12	- associated with loss of funding for secured debt instruments									
13	- on loan liabilities under non-utilized (revocable and quasi-revocable lines of credit and liquidity lines)									
14	- additionally expected cash outflow on other contractual liabilities									
15	- additionally expected cash outflow on other contingencies									
16	Total cash outflow (line 2 + line 5 + line 9 + line 10 + line 11 + line 12)		X		X		X		X	
17	On operations to provide cash against collateral in the form of securities, including operations of reverse repo									
18	On contracts without violation of contractual guarantees for liabilities									
19	Other inflow									
20	Total cash inflow (line 17 + line 18 + line 19)									
21	Net expected cash outflow		X		X		X		X	
22	Ratio of short-term liquidity of a banking group (Q28), of a credit organization (Q27), (in %)									

President

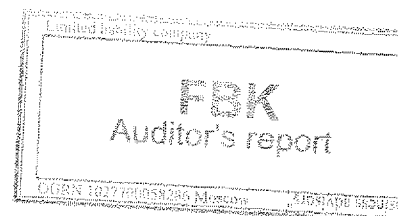
Chief Accountant

Drafted by

Telephone: (495) 287-30-99

26.03.2018

Li Wenzang
Bank LLC
(joint stock company)
Kuzmina N.V.
Galkina V.V.



Bank reporting form

Territory code	Credit institution (its branch)	
OKATO	code OKPO	registration number (/ sequence number)
45285580	83086298	3475

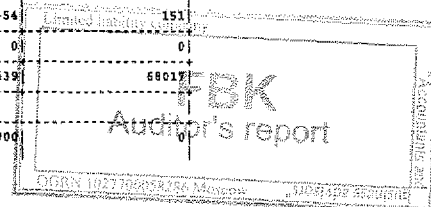
The Statement of Cash Flows
(public disclosure form)
As of 01.01.2016

Credit organization
Bank ICBC (joint stock company)
/ Bank ICBC (JSC)

Address (location) of the credit organization
109078 Moscow, Serebryanicheskaya nab., 29

Code OKUD 0409814
Quarterly/Annual

Line code	Narrative	Reference number	Cash flows for the reporting period, the rubles	Cash flows for the respective prior reporting period, the rubles
1	2	3	4	5
1	Net cash flows received from (used in) operating activity			
1.1	Total cash received from (used in) operating activity before changes in operating assets and liabilities including:		69963	1524484
1.1.1	interest received		2157392	2940643
1.1.2	interest paid		-489369	-699532
1.1.3	commission received		62429	71138
1.1.4	commission paid		-13886	-6665
1.1.5	income less expenses on operations with financial assets assessed at fair value through profit or loss and available for sale		-526973	23191
1.1.6	income less expenses on operations with securities held to maturities		0	0
1.1.7	income less expenses on operations with foreign currency		-331349	142562
1.1.8	other operating income		20773	21748
1.1.9	operating expenses		-698210	-663942
1.1.10	tax expense (refund)		-310838	-304658
1.2	Total increase (decrease) of net cash flows from operating assets and liabilities, including:		-8772084	-12544862
1.2.1	net increase (decrease) in mandatory reserves on accounts with the Central Bank of Russia		76285	-34487
1.2.2	net increase (decrease) in investments in securities assessed at fair value through profit or loss		0	0
1.2.3	net increase (decrease) in loans		165439	1858024
1.2.4	net increase (decrease) in other assets		-462502	-285409
1.2.5	net increase (decrease) in loans, deposits and other funds of the Central Bank of Russia		0	0
1.2.6	net increase (decrease) in Funds due to other credit institutions	8.4	-6821051	-520383
1.2.7	net increase (decrease) in Funds due to other credit customers other than credit institutions	8.4	-1858369	-13654492
1.2.8	net increase (decrease) in financial liabilities assessed at fair value through profit or loss		-1305	1305
1.2.9	net increase (decrease) in issued debt liabilities		0	0
1.2.10	net increase (decrease) in other liabilities		129419	90580
1.3	Total for part 1 (line 1.1 + line 1.2)		-8702115	-11020378
2	Net cash flows received from (used in) investing activity			
2.1	Purchase of securities and other financial assets of the category "available for sale"		0	0
2.2	Sale proceeds and redemption of securities and other financial assets of the category "available for sale"		0	0
2.3	Purchase of securities of the category "held to maturity"	8.4	-3891529	21340
2.4	Sale proceeds and redemption of securities of the category "held to maturity"		681307	102140
2.5	Purchase of fixed assets, intangible assets and inventories		-72571	-55614
2.6	Sale proceeds from sale of fixed assets, intangible assets and inventories		3354	151
2.7	Dividends received		0	0
2.8	Total for part 2 (the sum of lines from 2.1 through 2.7)		-3279439	68017
3	Net cash flows received from (used in) financing activity			
3.1	Contributions of shareholders (participants) to the share capital	8.4	8500000	0



3.2	Purchase of own shares(stakes)bought out from shareholders (participants)		0	0
3.3	Sale of own shares(stakes)bought out from shareholders (participants)		0	0
3.4	Dividends paid		-1596234	0
3.5	Total for part 3 (the sum of lines from 3.1 through 3.4)		6903766	0
4	Effect of changes of official ruble rate set by the Central Bank of Russia to foreign currencies on cash and cash equivalents		683158	-689466
5	Increase(use) of cash and its equivalents	8.4	-4394630	-11641827
5.1	Cash and cash equivalents as of the beginning of the reporting year	8.4	9481969	21123795
5.2	Cash and cash equivalents as of the end of the reporting year	8.4	5087338	9481968

President

Li Wencong

Chief Accountant

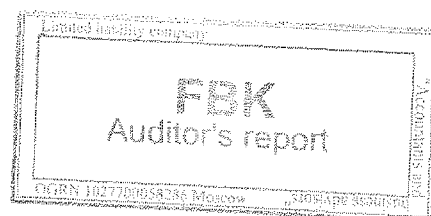
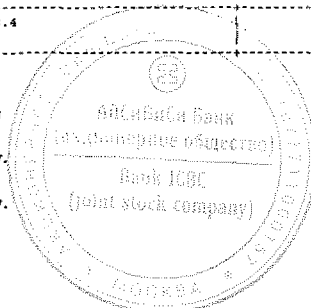
Kuzmina N.V.

Drafted by

Galkina V.V.

Telephone: (495) 287-30-99

26.03.2018





**Bank ICBC (joint stock company)
(Bank ICBC (JSC))**

**EXPLANATORY NOTES
to the annual financial statements
for 2017**

These Explanatory Notes shall form an integral part of the annual financial statements of Bank ICBC (joint-stock company) (hereinafter referred to as the "Bank") for 2017, prepared in accordance with the effective legislation of the Russian Federation.

The Explanatory Notes include information about events and operations relevant for understanding changes in the Bank's financial position and its financial results that happened in 2017.

The Explanatory Notes to the annual financial statements of the Bank present all numerical data expressed in Russian rubles and rounded with an accuracy to whole thousands of rubles.

1. Material Information on the Credit Institution.

1.1. Information on the Credit Institution

The full firm name of the Bank is: Bank ICBC (joint-stock company);

Short name: Bank ICBC (JSC) (hereinafter referred to as "the Bank").

The Bank is registered at: 29 Serebryanicheskaya naberezhnaya, Moscow, 109028, Russian Federation.

Actual address of the Bank: 29 Serebryanicheskaya naberezhnaya, Moscow, 109028, Russian Federation.

The Bank was entered into the Unified State Register of Legal Entities on August 30, 2007.

The Bank is a 100% subsidiary bank of Industrial and Commercial Bank of China Limited Joint-Stock Company (ICBC Ltd.), with the principal ultimate beneficiary being the People's Republic of China as represented by the Chinese Ministry of Finance.

The Bank is:

- A participant of the Section of the Electronic trading system (SELT) at the Moscow Exchange MICEX-RTS foreign exchange market;
- Exercising the functions of a market maker for the currency pair Yuan / Russian ruble;
- A Participant of the Association of Russian Banks;
- A Participant of the following Settlements systems: S.W.I.F.T.: ICBKRUMM
REUTERS-DEALING: DICB
- A member of self-regulated organization "National financial association" (SRO NFA).

Bank ICBC (JSC) is also an operator of the payment system (registration number No.0040).

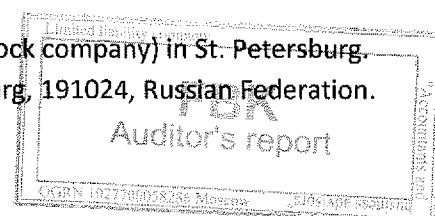
As of January 01, 2018, Expert RA Russian Rating Agency assigned to the Bank a credit rating of ruAA. The rating outlook is Stable.

1.2. Separate subdivisions and internal structural subdivisions of the Bank

The Bank has one branch in St. Petersburg, a branch of Bank ICBC (joint stock company) in St. Petersburg.

The branch is registered at: 12-14, litera A, Khersonskaya Str., St. Petersburg, 191024, Russian Federation.

The Bank also has one internal structural subdivision:



- Supplementary office "GREENWOOD": 143441, Moscow region, Krasnogorsky district, settlement Putilkovo, 69th km of MKAD, office and public complex CJSC "Greenwood", building 17.

1.3. Data on state registration of the Bank. Licenses

Primary State Registration Number (assigned by the Federal Tax Service of Russia): 1077711000157.

The Bank has a banking license No. 3475 issued by the Central Bank of Russia on September 01, 2015. The Bank carries out its business in accordance with Federal Law No. 395-1 "On Banks and Banking Activity" dated December 02, 1990.

In accordance with Federal Law No. 395-1, the Bank was not a part of any banking (consolidated) group or any banking holding.

In addition to the banking license the Bank holds the following licenses:

Issuing body	License type	Disbursement date	Number	Valid till
The Central Bank of the Russian Federation	License of a professional market participant of the securities market for brokerage operations	18.08.2016	No. 045-13990-100000	No set validity period
The Central Bank of the Russian Federation	License of a professional market participant of the securities market for carrying out depositary operations	18.08.2016	No. 045-13992-000100	No set validity period
The Central Bank of the Russian Federation	License of a professional market participant of the securities market for dealing operations	18.08.2016	No. 045-13991-010000	No set validity period

The Bank is a participant of the deposit insurance system and is registered under number 1009.

During the period after the reporting date and before the date when the annual financial statements were approved for issue, the Bank obtained a universal license that grants, among other things, the right to carry out precious metal operations.

1.4. Reporting period and the units of measurement of annual financial statements

The reporting period is from January 01, 2017 to December 31, 2017.

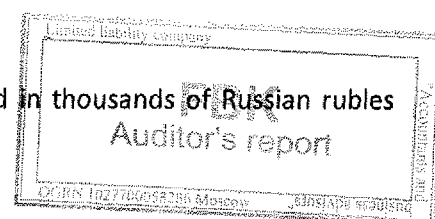
The annual financial statements were prepared in the currency of the Russian Federation.

In the annual financial statements all the assets and liabilities in foreign currency are presented in rubles at the official exchange rate of the corresponding foreign currency against rubles, as established by the Bank of Russia as of the reporting date.

The exchange rates set by the Bank of Russia as of December 31, 2012 and applied to convert currency balances into the ruble equivalent are:

- US dollar (USD) – 57.6002;
- Euro (EUR) – 68.8668;
- 10 Chinese yuans (CNY) – 88.4497;
- Singapore dollar (SGD) – 43.0881;
- 10 Hong Kong dollars (HKD) – 73.7056.

Unless specified otherwise, the annual financial statements are prepared in thousands of Russian rubles (hereinafter referred to as "ths rubles").



2. Short description of business of Bank ICBC (JSC).

2.1. Nature of operations and main areas of activity

According to Federal Law of the Russian Federation No. 395-1 "On Banks and Banking Activities" dated December 02, 1990, as subsequently amended and supplemented, as well as pursuant to the universal banking license issued by the Central Bank of Russia, the Articles of Association of the Bank, resolutions of the Management Board of the Bank and other regulatory acts applicable in the Russian Federation, the Bank performs the following operations:

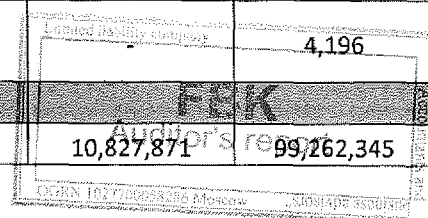
- Opening bank accounts for the benefit of legal entities in Russian rubles or foreign currency, as well as rendering comprehensive services related thereto;
- Providing cash services to legal entities (including cash collection);
- Taking demand and term deposits opened by legal entities, subject to guaranteed cash withdrawal and income returns for customers;
- Servicing customers through the on-line Internet banking system "Bank-Client";
- Executing wire transfers by order of individuals with no bank account opening;
- Issuing loans to legal entities, including participation in syndicated lending, subject to maturity, repayment and interest payment;
- Investing in securities (bonds and debentures) issued by residents;
- Performing trade finance operations;
- Opening correspondent vostro accounts;
- Correspondent accounts maintenance at the instruction of correspondent banks;
- Interbank lending operations;
- Purchase and sale of foreign currency in cash or non-cash form;
- Acting as a foreign exchange control agent (statutory);
- Issuing banker's guarantees and opening letters of credit;
- Carrying out professional services on securities market;
- Opening and servicing accounts of individuals;
- Taking demand and term deposits from individuals;
- Placing demand and term deposits of individuals on behalf of the Bank and at its expense;
- To attract to deposits and allocate precious metals;
- Executing wire transfers by orders of individuals from their bank accounts.

The Bank's priority areas of activity are provision of banking services to corporate customers in various industries, boosting Russia-China trade relations, as well as development of modern banking products and technologies.

2.2. Key performance indicators and factors that had an impact on the financial results of the Bank in the reporting year.

The key performance indicators of the Bank are presented in the table below:

	As of 01.01.2018	As of 01.10.2017	As of 01.07.2017	As of 01.04.2017	As of 01.01.2017
Book value of assets	48,517,666	51,384,522	51,112,041	44,832,138	50,116,725
Loan portfolio	36,850,956	30,752,815	31,816,453	38,088,957	37,887,574
Securities portfolio	5,096,543	4,731,124	3,089,513	1,836,553	1,719,039
Funds due to credit institutions	12,765,020	14,522,363	13,718,559	10,475,679	19,536,245
Funds due to customers	21,410,123	22,945,052	22,183,505	19,579,088	24,486,278
Including deposits (funds) of individuals and sole proprietors	14,490	-	-	-	4,196
Income of the Bank	45,491,275	36,200,423	24,045,821	10,827,871	99,262,345



	<i>As of 01.01.2018</i>	<i>As of 01.10.2017</i>	<i>As of 01.07.2017</i>	<i>As of 01.04.2017</i>	<i>As of 01.01.2017</i>
Expense of the Bank	44,384,124	35,423,452	23,532,862	10,638,267	97,953,189
Net profit	1,107,151	776,971	512,959	189,604	1,318,920

Despite the challenging economic environment, sanctions imposed on Russia and, accordingly, on a number of the largest companies and financial institutions, and the complicated situation in the banking sector during 2017, the Bank closed 2017 with a positive financial result.

The reporting year results show that the Bank maintained its industry ranking positions, remaining among the TOP-100 largest banks of Russia.

According to the results of 2017, the Bank posted a net profit in the amount of 1,107,151 ths rubles. This index is 16,06% lower than that for 2016 (1,318,920 ths rubles).

The Bank's financial results for 2017 were mostly impacted by such activities as interbank lending, trade finance, market-making operations at the stock exchange, forward transactions, lending to large corporate customers of the Bank as well as transactions in securities.

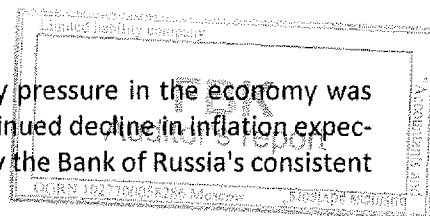
The structure of income and expenses characterizing the Bank's activity for 2017 and 2016 is presented below:

<i>Narrative</i>	<i>As of January 01, 2018</i>	<i>As of January 01, 2017</i>
Net interest income (negative interest margin)	1,748,714	2,200,652
Change of provision for possible losses against loans and equivalents, funds on nostro accounts and accrued interest income – total, including:	(57,093)	(97,250)
Net interest income (negative interest margin) after establishment of the potential loss reserve	1,691,621	2,103,402
Net income (expense) from financial assets assessed at their fair value through profit or loss	(526,973)	23,191
Net income from operations with securities held to maturity	1,074	2,172
Net income from foreign exchange operations	(131,349)	142,562
Net income from foreign currency revaluation	1,051,299	11,470
Fees and commissions income	62,429	71,138
Fees and commissions expenses	13,886	6,665
Changes in the provisions for possible losses on securities and other losses	(28,335)	(7,434)
Other operating income	21,214	21,899
Operating expenses	721,350	673,188
Profit (loss) before tax	1,405,744	1,688,547
Income tax refund (expense)	298,593	369,627
Profit (loss) after tax	1,107,151	1,318,920

2.3. Information on the economic environment where the Bank carries out its business.

The Bank carries out its business on the territory of the Russian Federation and therefore is impacted by the economic environment in the country.

By results of 2017, inflation in Russia was 2.5%. A low level of inflationary pressure in the economy was contributed by the remaining moderate consumption and loan raising and the continued decline in inflation expectations in addition to temporary factors. Among other things, this was influenced by the Bank of Russia's consistent moderately stringent monetary policy.



Stable recovery of domestic consumer demand remained the key driver of the economic growth, but it was quite smooth and did not prevent the slowdown in price growth. The key factor supporting the consumption remained income. As it grew, there was also a gradual improvement in the quality of loan portfolios, in consequence of which banks mitigated cautiously their non-price lending terms.

The continued recovery of economic activity contributed to improving the financial position of borrowers, increasing the banks confidence in their customers and gradual cautious mitigation of non-price terms of bank lending. At the same time, in general, banks continued to pursue a quite conservative policy, preferring the least risky areas for placing funds.

The growth rate of the population's investment in bank deposits was generally in line with the income behaviour in the economy. As in the previous months, short-term ruble deposits grew most rapidly in September to October. This was determined by the convergence of interest rates for short-term and long-term deposits in light of expecting further lowering of the Bank of Russia's key rate in the medium term.

The dollarization of deposits continued to decrease. The remaining relatively high trend to invest in ruble deposits was supported by an attractive level of interest rates in real terms and the persistent confidence in the domestic financial system.

Based on the analysis of current dynamics and the forecast of inflation and economic activity for the medium term and taking into account the risk of inflation being more or less than 4%, on December 15, 2017. The Board of Directors of the Bank of Russia decided to decrease the key rate from 8.25% to 7.75% per annum.

Together with the decrease in market interest rates that was based on the actual and expected change in the Bank of Russia's key rate, this resulted in a certain increase in the availability of loans in the economy. According to the Bank of Russia, those trends in the loan raising will remain in the forecast future, that will contribute to expanding the range of sources of investment funding for companies and of consumption for the population.

The Bank of Russia admits that a certain decrease in the key rate is possible in the first half of 2018. Taking decisions on the key rate, the Bank of Russia will assess the balance of risks of a material and stable deviation of the inflation up and down from the target and the dynamics of economic activity as compared with the forecast.

In September to December 2017, the foreign economic situation developed in general within the previous trends and did not prevent the continuous recovery of the Russian economy in meeting the inflation targets and maintaining the stable financial system. The effect of external factors was largely in line with the previous forecast, except for the behaviour of world oil prices, current and expected levels of which increased.

The growth of the global economy continued to accelerate gradually.

The recovery of global demand was quite smooth, which determined moderate inflationary background remaining in most developed countries and emerging markets. With this in view, a relatively soft monetary policy prevailed in the world's largest economies, which was in line with the forecast. Along with any other factors, it supported moderate optimism in the global financial markets.

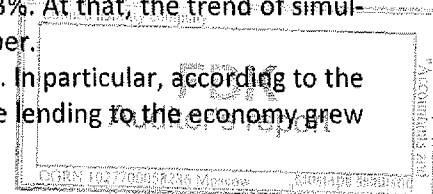
The ruble weakening in October and November may restrain the growth of import that accelerated in 2017 whereby supporting the export surplus and reducing the negative contribution of net export to the annual rate of GDP growth in real terms. Moreover, it will also contribute to the dynamics of inflation through import prices: the disinflationary impact of the exchange rate dynamics on a year-on-year basis that existed for the most part of 2017 is expected to cease in 2018.

At the same time, changes in external prices (subject to the inflationary background in the countries being trading partners of Russia and the dynamics of world commodity prices) did not and are not expected to put any additional pressure on the inflation in Russia in the coming months.

2017 was rather complicated for the Russian banking sector in institutional terms (a large number of licenses was revoked and there was resolution of a number of banks), although the dynamics of many indicators was quite good.

According to the Bank of Russia, from the beginning of the year (January to November) the volume of assets increased nominally by 4.9% or by 3.9 trillion rubles to 84 trillion rubles as of December 1, 2017 (in real terms, the growth by 5.9%). For comparison, in the same period of 2016, the asset reduction amounted to 3.2% in nominal terms, and the rate of asset reduction without foreign currency revaluation was 0.3%. At that, the trend of simultaneous growth of assets in nominal and real terms continued by results of November.

In 2017, the lending to the economy was worse than the dynamics of assets. In particular, according to the statistics published by the Central Bank of Russia, in January to November 2017, the lending to the economy grew



by 3% (3.9% in real terms). As compared with the beginning of 2017, the share of overdue debt virtually did not change, having decreased from 6.72% at the beginning of the year to 6.68% as of December 1, 2017.

The unstable dynamics of overdue debt is due to the volatility of corporate lending, while the share of overdue debt decreased almost continuously for retail loans (from 8.1% in January to 7.3% as of November 1, 2017).

From the beginning of the year, the total profit of Russian banks amounted to 870 billion rubles (an average of 79 billion per month) against 788 billion rubles for the same period a year earlier.

In 2017, the Bank of Russia reduced the key rate six times, but this process is not over yet, and in case the inflation is favourable in 2018, a similar reduction may be expected. In general, the policy of the monetary authorities appeared to be softer than expected in late 2016 and early 2017. However, the record low inflation rate (2.5% by results of 2017) allowed to decrease the rates faster.

The issue that ceased to be of prime importance, becomes urgent again. US sanctions became much tougher in 2017, and they will probably be even more tough in 2018. Possible sanctions on the Russian state debt is often discussed, that may be very painful for the financial sector of the country. The scope of sanctions and the further development of this subject will be clearer in the first half of 2018. In general, sanctions may become one of potential "black swans" for the Russian banks and the financial sector.

Despite the sanctions imposed on Russia, it is the world's leading economic power, the largest state adjacent to China and the most important component of the One Belt, One Way Project. Russia and China have great economic complementarity, the market for investment in construction and other infrastructure projects and new projects in many industries, that is a real large market with great development potential for Bank ICBC (JSC).

China and Russia continue to deepen the relations of comprehensive strategic partnership, to strengthen cooperation and coordination of economic and financial policy, to jointly promote settlements in local currencies and internationalization of yuan in order to create more favourable conditions for the development of Chinese banks operating in Russia.

Despite negative market trends as well as intensifying anti-Russian sanctions from the USA and Europe, management of the Bank will continue business expansion in Russia due to continuing development of interstate relations and economic cooperation between Russia and China.

Management of the Bank believes that it takes all necessary and appropriate measures to maintain economic soundness of the Bank under current circumstances and also is confident that the Bank has potential for further development. The key competencies of the Bank and its credit policy applied enable to build long-term business relations with key clients and ensure the Bank's operation as a going concern.

In 2018, the Bank is going to follow the approved strategy and credit policy and grant loans to large-scale Russian companies and Russian subdivisions of Chinese companies operating in different economic sectors.

2.4. Information on the development prospects of the institutional lender.

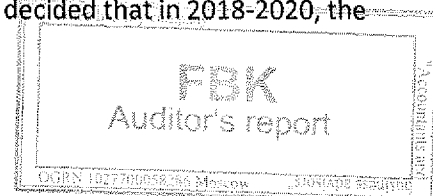
In the nearest time Bank ICBC (JSC) will adhere to the developed and approved Strategy of Development of Bank ICBC (JSC) for 2018–2020.

The primary strategic goal of Bank ICBC (JSC) is to strengthen the positions of a reliable and rapidly developing bank in the Russian Federation. This goal implies an optimal allocation of proportions between the core areas, i.e. corporate customer services and cooperation with financial institutions, and carrying out transactions in the foreign exchange market.

Bank ICBC (JSC) is elaborating measures required to achieve the goal in the short, medium and long-term planning. The Bank has a license of the Bank of Russia to raise funds of individuals to deposits in rubles and foreign currency, obtained the status of a clearing house for transactions in yuan in the Russian Federation, has licenses of a professional securities market participant for broker, dealer and custodian activities and launched all those services.

In order to develop further and to strengthen its market positions, the Bank decided that in 2018–2020, the following tasks should be completed:

1. Expansion and diversification of its corporate customer base;



2. Expansion of the range of services provided to corporate customers (development of new and improvement of existing products while flexibly fitting into market requests), including certain products for employees of corporate customers;

3. Maintenance of risk management and internal control in order to control significant risks and keep them at an acceptable level;

4. Provision of a level of technological equipment that meets international requirements and standards;

5. Improving the Bank's ability to manage in order to ensure a quick response to changing market conditions.

A key factor in the success of Bank ICBC (JSC) in achieving its goals is the quality of the services provided.

2.5. Information on the management bodies of the institutional lender

The supreme managing body of the Bank is a sole Shareholder of the Bank owning 100% of its share capital – JSC “Industrial and Commercial Bank of China Limited”.

General management of the Bank is undertaken by the Board of Directors of Bank ICBC (JSC).

The Chairman of the Board of Directors is Cui Liang.

Members of the Board of Directors are:

- Wu Minmin,
- Tao Mei,
- Wang Ying,
- Li Wencong.

During 2017, there were changes in the Board of Directors as follows:

- Hong Guilu was relieved of duties as a member of the Board of Directors;

Li Wencong holds the position of the **President and the Chairman of the Management Board of the Bank**.

Members of the Management Board:

- Lang Weijie – Vice President,
- Igor Glebovich Titlin – Vice President,
- Natalia Viktorovna Kuzmina – Chief Accountant.

In 2017, no modifications occurred in the Management Board:

None of the members of the Bank's Board of Directors or the Management Board holds shares in Bank ICBC (JSC).

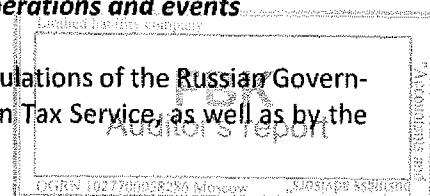
3. Short review of the basis of preparation of the annual financial statements and accounting principles of the institutional lender.

Pursuant to Regulation of the Central Bank of Russia No. 3054-Y dated September 04, 2013 “On preparation of annual financial statements by credit institutions” (hereinafter referred to as No. 3054-Y), the Bank completed all required preliminary work to facilitate preparation of the annual accounts for 2017 presenting actual assets, liabilities and claims of a credit institution. As of December 01, 2017, the Bank performed stock take of its property, claims and liabilities. As of the end of the banking day, on December 29, 2017, the Bank performed cash check and count. No cash excess or shortage was found.

As of January 01, 2018, the Bank obtained written balance confirmations from its correspondent credit institutions and non-resident banks. The procedure to obtain account balance confirmations from legal entities will be continued until finalized.

3.1. Principles and methods of evaluation and accounting of significant operations and events

In its activity the Bank is guided by legislation of the Russian Federation, regulations of the Russian Government, instructions and recommendations of the Central Bank of Russia, the Russian Tax Service, as well as by the



Accounting Policy of the Bank for 2017 (approved by the Bank's Order No. 237 dated December 30, 2016 and Order No. 121 dated June 30, 2017 (as amended)).

The Accounting Policy of the Bank for 2017 is based on the following main principles and quality features:

- Going concern,
- Income and expense accrual method,
- Consistency of accounting,
- Prudence,
- Timeliness of transaction records,
- Separate recording of assets and liabilities,
- Consistency of opening balance,
- Substance over form concept,
- Rationality,
- Openness,
- Preparation of a summary balance sheet,
- Valuation of assets and liabilities.

In 2017, the Bank kept its accounting records in accordance with Regulations of the Central Bank of Russia No. 579-П dated February 27, 2017 "On Plan of Accounts for Credit Institutions and Procedure for its Application" (hereinafter referred to as "Regulations No. 579-П") as well as with other regulatory acts of the Central Bank of Russia, which determine procedures of recording particular transactions.

According to the requirements of the Central Bank of Russia and the Accounting Policy, certain transactions of the Bank shall be recorded on the balance sheet as follows:

Monetary claims (liabilities) in the currency of the Russian Federation shall be accounted for in rubles, in the amount of the claims (liabilities) which actually aroused.

Assets and liabilities expressed in a foreign currency shall be recorded on the Bank's balance sheet in rubles at the current exchange rate of the corresponding foreign currency, as established by the Central Bank of Russia. Such assets and liabilities shall be revalued each time when the Central Bank of Russia changes the foreign currency exchange rate to ruble.

The accounts receivable arising in foreign currency shall be accounted for in ruble equivalent to the accounts receivable in this foreign currency, at the exchange rate of the Central Bank of Russia as of the day of recording such accounts receivable.

Pursuant to Regulation No. 446-П dated December 22, 2014 On Procedures of determination of income, expense and other comprehensive income by credit institutions (hereinafter referred to as "Regulation No. 446-П"), transactions related to accrual and payment (receipt) of interest on the deposited (placed) funds in form of credits or deposits shall be recorded according to the "accrual" method.

As to the placed funds included into the I-III quality categories, income generation shall be deemed as definite.

As to the placed funds included into the IV-V quality categories, income generation shall be deemed as indefinite, and interest shall be accrued on off-balance sheet accounts.

As to deposited funds, payment of expenses in form of interest shall be deemed as definite.

Securities shall be classified and recorded on the balance sheet accounts of the first level according to the following categories:

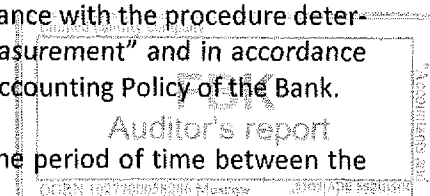
- Securities assessed at their fair value through profit and loss.

From the moment of initial recognition and till the moment of derecognition, investments into securities shall be evaluated (revalued) at the current (fair) value, without establishment in their respect of any provisions for possible losses.

The current (fair) value of a security shall be deemed to be the price that would be obtained upon selling of the security when the transaction is conducted between participants of the securities market on a voluntary basis as of the valuation date. The current (fair) value shall be established in accordance with the procedure determined by the International Financial Reporting Standard (IFRS) 13 "Fair Value Measurement" and in accordance with the methodology for fair value measurement for securities stipulated by the Accounting Policy of the Bank.

- Held to maturity

The debt obligations the Bank intends to hold to maturity (regardless of the period of time between the



acquisition date and the maturity date) shall be recognized in the amount of the actual costs associated with the acquisition. Whenever required, a provision for possible losses shall be established.

- Securities available for sale.

If the current fair value of securities may not be reliably determinable, the securities shall be recognized at the price of their acquisition and subsequently shall not be revalued; if there are any indications of their impairment, provisions for possible losses shall be established in their respect.

The FIFO method shall be used for evaluation of the cost of disposed (sold) securities.

Accounting of derivative financial instruments is carried out by the Bank according to Regulation of the Bank of Russia "On accounting for derivative financial instruments" No. 372-П dated July 04, 2011.

Measurement of fair value of derivative financial instruments is carried out by the Bank as follows.

After initial recognition the Bank accounts for a derivative financial instrument at fair value and reflects in the accounting records the change in fair value of the derivative financial instrument.

Measurement of fair value of derivative financial instruments and its disclosure in the accounting records is carried out on the last working day of a month on the date of derecognition of derivative financial instruments and also on the date of occurrence of claims and (or) liabilities to make interim payments according to the contractual terms.

Measurement of fair value of derivative financial instruments and accounting for its changes are carried out in the currency of the Russian Federation.

Accounting of the Bank's economic transactions conducted for the purposes of supporting the Bank's activities shall be maintained subject to the following:

Expenses which are incurred in the given reporting period but referred to future reporting periods shall be recognized as expenses in the corresponding amounts upon occurrence of the reporting period to which they refer.

Items with the useful life exceeding 12 months and with the value above 118,000 rubles inclusive VAT shall be recorded as fixed assets.

Fixed assets shall be posted to the relevant accounts at the book value, which is determined for items acquired for a valuable consideration or built by a contractor or independently, as a sum of actual expenditures incurred by the Bank when acquiring, developing (building) or creation (producing) an asset, including VAT.

For all groups of homogenous Fixed assets, except for Group 10 (property with useful life over 30 years) "Buildings", to account for inseparable improvements to rented property the Bank applies accounting at the original cost less accumulated depreciation and accumulated revaluation losses. Fixed assets revaluation losses shall be recognized at the moment of their identification.

Fixed assets Group 10 (property with useful life over 30 years) "Buildings", except for inseparable improvements to rented property, the Bank applies accounting at revalued book value.

The cost of a fixed asset is gradually written off during its useful life by means of depreciation.

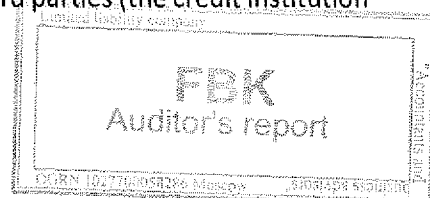
Depreciation is a regular cost reduction of a fixed asset during its useful life. The total amount of depreciation is determined as the original or revalued cost of the asset less its calculated liquidation value.

The calculated liquidation value of a fixed asset is the amount that the Bank would receive at the end of the useful life period upon the asset disposal net of the cost of disposal.

Depreciation of fixed assets of all groups shall accrue by a straight-line method. In case of the straight-line method, the annual amount of depreciation shall be determined based on the original or revalued amount (in case of revaluation) of a fixed asset and the depreciation rate. To calculate the depreciation rates, the useful life of fixed assets shall be used.

Intangible asset is an asset that simultaneously meets the following conditions:

- Is able to bring future economic benefits to a credit institution, namely, the asset shall be used for provision of works and services, or for management needs;
- The Bank has rights to receive the economic benefits from the asset use in the future;
- There are restrictions to access the economic benefits from the asset by third parties (the credit institution has control over the asset);
- The asset is identifiable, that is it can be separated from other assets;
- The intended use of the asset exceeds 12 months;
- Sale of the asset within 12 months is not foreseen by the Bank;



- The asset has no tangible form;
- The original cost of the asset is reliably determinable.

An intangible asset is recognized in the accounts at its original cost determined as of the date of the asset recognition.

For further valuation of an intangible asset, of any group of homogeneous intangible assets, the Bank applies accounting at original cost less accumulated amortization and accumulated revaluation losses. Revaluation losses of intangible assets shall be recognized at the time of their identification.

Amortization of intangible assets of all groups shall accrue by a straight-line method. In case of the straight-line method, the annual amount of depreciation shall be determined based on the original value of intangible assets and the depreciation rate. To calculate the depreciation rates, the useful life of intangible assets shall be applied.

Accounting of the Bank's inventories shall be carried out in the manner prescribed by Regulation of the Bank of Russia No. 448-П dated December 22, 2014 On Accounting by Credit Institutions of Fixed Assets, Intangible Assets, Real Estate Temporarily not Used in Core Business, Long-Term Assets Held for Sale, Inventories, Work Equipment, Materials and Supplies Received under Settlement and Release or Pledge Agreements, which Purpose is not Determined.

Inventories shall be recognized when economic risks and benefits arising out of the use of inventories for the purpose of deriving income pass to the Bank. In most cases, those risks and benefits pass at the same time when the Bank obtains the ownership to the inventories or they are actually received.

The inventories shall be valued at their recognition in the amount of actual costs for their acquisition, delivery and bringing them into a condition suitable for use (hereinafter at cost).

The value of inventories shall be recognized in expenses when they are transferred by a designated person of the Bank for the performance of works, the provision of services or on the basis of a report on their use duly executed by the designated person.

Provisions under the Bank's assets and operations, such as provision for possible loan losses, for loans and loan equivalents, provision for other possible losses, shall be formed in accordance with the requirements of the regulatory documents of the Central Bank of Russia, as well as internal documents of the Bank.

The Bank shall determine the financial result (profit or loss) annually.

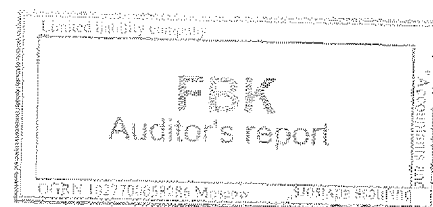
Guarantees and sureties received by the Bank as a security of granted credits, invested assets and credit-related contingencies shall be recorded on off-balance sheet accounts for collaterals in the amount of the assumed collateral value, i.e. in the amount securing fulfilment of actual liabilities of a borrower.

3.2. The nature and amount of adjustments due to changes of the accounting policy and accounting estimates influencing comparability of certain performance indicators of the institutional lender

The Bank shall maintain its accounting records in compliance with the accounting consistency concept. The Bank's Accounting Policy shall be amended in case of introduction of new types of operations (transactions), changes in legislation of the Russian Federation or regulatory documents of the Central Bank of Russia, which have an impact on the Bank's activities.

In connection with entry into force in 2017 of Regulation of the Bank of Russia No. 579-П dated February 27, 2017 On Chart of Accounts for Credit Institutions and Procedure for its Application and cancelation of Regulation of the Bank of Russia No. 385-П dated July 16, 2012 On Rules for Accounting by Credit Institutions Located in the Russian Federation, amendments were made to the Bank's Accounting Policy for 2017, i.e. to the operating chart of accounts. The new Regulation cancelled Chapter D "Custody Accounts", in connection with which the respective amendments were made.

The amendments did not affect the comparability of data of the Bank's annual financial statements for 2017.



3.3. Information on the nature of assumptions and the key sources of uncertainty in estimations as of the end of the reporting period

For the Accounting Policy application, the Bank used its professional judgment in respect of determination of the amounts recognized in the annual financial statements. Below are examples of such professional judgment application by the Bank:

Provisions for possible losses

The Bank shall regularly analyse the assets (instruments) in order to reveal the risk of possible losses.

Provisions for possible losses on loans and their equivalents shall be established on the basis of the Bank's assumptions pursuant to Regulation of the Central Bank of Russia dated June 28, 2017 No. 590-П "On the Procedure of Establishment by Institutional Lenders of Provisions for Possible Losses on Loans and Loan Equivalents" (hereinafter referred to as "Regulation No. 590-П"). Provisions for possible losses on other assets (instruments) shall be established on the basis of the Bank's professional judgments pursuant to Regulation of the Central Bank of Russia dated March 20, 2006 No. 283-П "On the Procedure of Establishment by Institutional Lenders of Provisions for Possible Losses" (hereinafter referred to as "Regulation No. 283-П").

Taxation

When determining the amount of deferred tax assets, which may be recognized in the financial statements, the Bank's management shall assess the possibility of use of the available deferred tax asset in the full amount. Use of the deferred tax asset depends on generation of taxable profit in the periods when the temporary differences may be used against it. When conducting this assessment, the management shall consider the expected write-off of the deferred tax liabilities, the future projected taxable profits and tax planning strategies. The Bank shall assess the possibility of generation of taxable profits sufficient for recording on the balance sheet of the deferred tax assets amount only in case it is significant (10% from the amount of the income tax, calculated for the same reporting period).

3.4. Data on the adjusting events after the reporting date

A post-reporting event (PRE) shall be deemed to be the fact of the Bank's activity carried out during the period between the reporting date and the date of signing of the annual accounting report, which may significantly affect the Bank's financial position as of the reporting date.

The post-reporting events confirming the conditions, which existed as of the reporting date and during which the Bank carried out its activity, are reflected in the financial statements.

1. In accordance with clause 3.2.2. of the Order of the Central Bank of Russia No. 3054-Y, on the first business day of the new year after preparation of a daily balance-sheet as of January 01, the balances reported on the account No. 706 "Financial Result of the Current Year" were carried forward to the account No. 707 "Financial Result of the Previous Year".

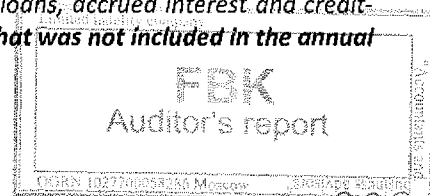
2. In accordance with clause 3.1.2. of the Order of the Bank of Russia No. 3054-Y, the adjusting events after the reporting date were the following:

- Recovery of the provision for possible losses regarding other claims concerning internal operations of the Bank;
- Posting accrued amounts of taxes and fees to expenditure accounts;
- Income tax accrual for 2017;
- Clarification of amounts of expenses after the receipt of primary documents after the reporting date that confirm the operations carried out prior to the reporting date.

As a result of events after the reporting date the Bank's financial results amounted to 1,107,151 ths rubles.

3.5. Data on the adjusting events after the reporting date not recognized in the statements

From the reporting date to March 16, 2018, i.e. during the period of preparation of the annual financial statements, but prior to the issue date of the audit report, the Bank additionally formed provision for loans, accrued interest and credit-related contingencies for a number of borrowers in the total amount of 543,578 ths rubles that was not included in the annual accounting (financial) reporting.



In the event that such provision was formed as of the reporting date, this would have the following effect on the balance sheet items (a public disclosure form) for 2017:

- Item 5 "Net Loan Indebtedness" (36,850,956 ths rubles) is reduced by the provision for loans in the amount of 553,095 ths rubles;
- Item 12 "Other Assets" (180,353 ths rubles) is reduced by the provision for unearned interest income in the amount of 4,978 ths rubles;
- Item 22 "Potential loss reserves for contingent credit liabilities, other possible losses and operations with off-shore residents" (19,568 ths rubles) is increased by the amount of the provision for possible losses on credit-related contingencies by 193,581 ths rubles.

On January 31 2018, the Bank paid bonuses to its employees by results of operations for 2017 by decision of the Board of Directors (Minutes No. 01-18 dated January 29, 18), that was adopted after the reporting date, but during the period of preparation of the annual financial statements.

The bonus is non-fixed remuneration related to 2017, and if it were reported as of the reporting date, this would have the following impact on the balance sheet items (a public disclosure form) for 2017:

- Item 21 "Other Liabilities" (503,167 ths rubles.) is increased by 19,948 ths rubles.

The reporting of those events would have a negative effect on the profit for 2017 in the amount of 771,602 ths rubles.

There were no non-adjusting post-reporting events in the Bank's activities

3.6. Information about changes in the Accounting Policy of the institutional lender for the following reporting year

Starting on January 01, 2018, the Bank's Order No. 232 dated December 29, 2017 put into effect the Accounting Policy of Bank ICBC (JSC) for 2018 for RAR accounting.

The Accounting Policy of the Bank for 2018 was prepared in accordance with Federal Law 402-Φ3 dated December 06, 2011 "On Accounting", Regulation No. 579-П of the Central Bank of Russia (as amended on January 01, 2018) and internal regulatory documents of the Bank.

The Accounting Policy of the Bank for 2018 does not contain notable changes in comparison with the similar document for 2017.

The Bank intends carry out its business on a going concern basis and has no need to liquidate or downsize its activity or operate on unfavourable terms. Therefore, the Accounting Policy of the Bank is consistently applied from one reporting period to another.

During the reporting period, no material errors were identified that relate to the previous periods affecting the annual financial statements of the Bank.

3.7. Information on the diluted earnings (loss) per share

For the Bank, information on earnings (loss) per share is not applicable, as there are no convertible securities in the Bank (according to the "Guidelines for Disclosure of Information on the Earnings per One Share", as approved by the Order of the Ministry of Finance of the Russian Federation dated March 21, 2000 No. 29H).

4. Accompanying information to the balance sheet.

4.1. Cash and cash equivalents

Cash and cash equivalents are presented in the following manner:

Cash

As of January 01,
2018
ths rubles

30,275

As of January 01,
2017
ths rubles

99,124

Auditor's report

OGRN 102700058246 Moscow

Subsidiary account

039

Funds of credit institutions held with the Central Bank of the Russian Federation (except for mandatory reserves and a security deposit of an operator of the payment system)

Total cash and balances with the Central Bank

Funds due from credit institutions

Provisions for possible losses

Total cash due from credit institutions

Total cash and cash equivalents

2,761,587	2,616,761
2,791,862	2,715,885
2,295,476	6,766,083
-	-
2,295,476	6,766,083
5,087,338	9,481,968

As of January 01, 2018, and January 01, 2017, balances of the required reserve accounts with the Central Bank of Russia amounted to 348,760 ths rubles and 425,045 ths rubles, accordingly. The Bank places required reserves on deposit with the Central Bank of the Russian Federation on a continuous basis.

The Bank is an operator of the ICBC payment system. Within that payment system, the Bank transferred the security deposit to the Bank of Russia on a quarterly basis. The amount of the accumulated security deposit as of January 01, 2018 is 816,998 ths rubles.

This cash has been excluded from the item "Cash and cash equivalents" as the Bank has restrictions for its use according to Article 82.5 of Federal Law No. 86-Φ3 "On the Central Bank of the Russian Federation (the Bank of Russia)" dated July 10, 2002.

4.2. Financial assets at fair value through profit or loss

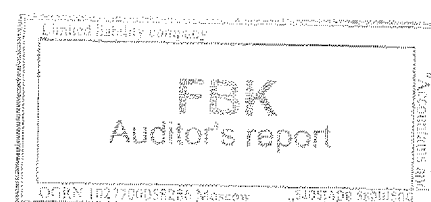
There are no debt and equity securities carried on the Bank's balance sheet and assessed at fair value through profit or loss as well as derivative financial instruments (DFI) with the positive fair value on the Bank's balance sheet as of January 01, 2018.

	As of January 01, 2018 ths rubles	As of January 01, 2017 ths rubles
Debt securities	-	-
Derivative financial instruments with expected flow of economic benefits (swap with an underlying asset foreign currency)	-	4,294
Total financial assets at fair value through profit or loss before deduction of the provision	-	4,294
Provisions for possible losses	-	-
Total financial assets at fair value through profit or loss	-	4,294

4.3. For loans, loan indebtedness and equivalent indebtedness

Loans and loan equivalents issued to customers were divided by category as follows:

	As of January 01, 2018 ths rubles	As of January 01, 2017 ths rubles
Deposits in the Bank of Russia	300,000	-
Loans to customers – credit institutions	19,707,240	29,107,616
Loans to customers – legal entities other than credit institutions	17,135,110	9,015,287
Loans to customers – individuals	297	65
Total loans and loan equivalents	37,142,647	38,122,968
Provision for possible loan losses	(291,691)	(235,394)
Total net loans and loan equivalents	36,850,956	37,887,574



Loans broken down by type of issued loan is presented below:

	As of January 01, 2018 ths rubles	As of January 01, 2017 ths rubles
Deposits in the Bank of Russia	300,000	-
Loans and loan equivalents issued to customers – credit institutions:	19,707,240	29,107,616
- Inter-bank loans (including syndicated)	12,945,350	16,778,112
- Trade financing operations	4,586,426	4,660,602
- Security deposits	-	823,497
- Postfinancing	1,350,408	108,199
- Acquisition of rights to claim	817,234	4,744,924
- Other invested assets	7,822	1,992,282
Loans and loan equivalents issued to customers – legal entities other than credit institutions:	17,135,110	9,015,287
- Financing of current activity	12,595,891	5,298,154
- Acquisition of rights to claim	4,135,009	3,710,825
- Factoring	387,967	-
- Other invested assets	16,243	6,308
Loans and loan equivalents issued to customers – individuals	297	65
Total loans and loan equivalents	37,142,647	38,122,968
Provision for possible loan losses	(291,691)	(235,394)
Total net loans and loan equivalents	36,850,956	37,887,574

As of January 01, 2018, the total funds provided to credit institutions reduced by 2.7% and amounted to 36,850,956 ths rubles (net of the loan loss provision), (as of January 01, 2017: 37,887,574 ths rubles).

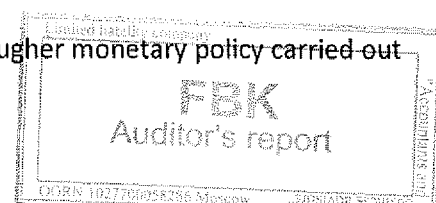
Due to the volatile situation in the banking market during 2017, the Bank began to actively use the Bank of Russia's deposits as the most reliable tool for placing money.

As of January 01, 2018, the volume of placed interbank credits amounted to 12,945,350 ths rubles, which is a reduction by 22.84% with the corresponding period of the previous year (16,778,112 ths rubles as of January 01, 2017). Out of this, as of January 01, 2018 the volume placed with non-resident banks amounted to 1,149,846 ths rubles (698,259 ths rubles as of January 01, 2017). This reduction is due to the placement of raised funds in other assets (corporate lending, factoring).

In 2017 the Bank continued its active work with trade finance instruments used for facilitation of export and import operations of its customers (both legal entities and correspondent banks). As of January 01, 2018, the main volume of trade finance operations (including post financing) amounted to 5,936,834 ths rubles, while as of the corresponding reporting date of the last year, this indicator amounted to 8,174,089 ths rubles.

Decrease in the trade finance portfolio in 2017 was due to the following factors:

- Lower demand from Chinese banks caused by existence of more favourable terms to get funds elsewhere on the internal market;
- Suspension of a number of limits for major Russian banks in connection with their financial rehabilitation;
- Higher costs to support liquidity on the Russian market;
- Stricter requirements of the Bank to its potential borrowers to minimize transaction non-payment risks (including trade finance operations);
- Lower demand for trade finance operations from Russian companies;
- Significant growth in interbank financing rates in Chinese Yuan due to tougher monetary policy carried out by the National Bank of China.



In 2017, the total volume of funds with correspondent banks amounted to 13,331,061 ths rubles (the corresponding number for 2016 was 29,262,463 ths rubles).

The main area of the Bank's activities in 2017 was offering products and services to Russian companies from a "large-scale corporate business" segment, as well as to Russian subdivisions of Chinese companies.

As of January 01, 2018, the loan portfolio of the Bank was 17,118,867 ths rubles (as of January 01, 2017 the balance sheet total is 9,008,979 ths rubles).

The majority of the portfolio (95.24%) accounts for the Bank's participation in syndicated loans (both on the primary market and through acquisition of rights to claim on the secondary market) issued to large-scale corporate borrowers. Among the Bank's borrowers are the largest Russian companies from the following economic sectors: oil and gas, metallurgy, power production, mineral fertilizers and other.

Loans and acquired rights to claim (mainly in rubles and US dollars) have maturities in the range of 1 to 10 years.

The table below presents data on the volume and structure of loans broken-down by type of borrowers' business.

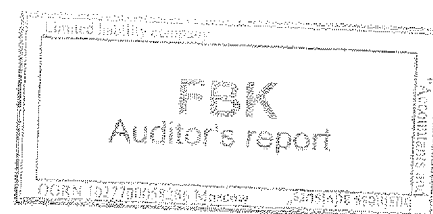
	As of January 01, 2018 ths rubles	As of January 01, 2017 ths rubles
Deposits in the Bank of Russia	300,000	-
Loans to customers – credit institutions	19,707,240	29,107,616
Loans to customers – legal entities other than credit institutions	11,150,702	5,298,154
Manufacturing	8,187,144	3,570,520
Extraction of minerals	1,004,407	514,496
Wholesale and retail trade	425,000	-
Other types of activities (activities on management of holding-companies)	1,534,151	1,213,138
Loans to customers – legal entities (non-resident) other than credit institutions	1,445,189	-
Other invested assets	16,243	6,308
Acquired rights to claim	4,135,009	3,710,825
Factoring	387,967	-
Loans to customers – individuals	297	65
Total loans and loan equivalents	37,142,647	38,122,968
Provision for possible loan losses	(291,691)	(235,394)
Total net loans and loan equivalents	36,850,956	37,887,574

According to the results of 2017, the loan portfolio increased by 90.1% (9,015,287 ths rubles as of January 01, 2017). The key factors that influenced the increase in the loan portfolio in 2017 were:

- Expansion of the customer base with enterprises operating in some industries new for the Bank, such as pulp and paper industry, leasing, etc.;
- Expansion of the Bank's line of credit products, i.e. launch of factoring.

Loans to individuals represent security deposits for rented premises.

Information about remaining loan maturities (before deduction of the provision for possible loan losses) is presented in the table below:



As of January 01, 2018

	<i>Up to 30 days</i>	<i>From 31 to 90 days</i>	<i>From 91 to 180 days</i>	<i>From 181 days to 1 year</i>	<i>Over 1 year</i>	<i>Total</i>
Loans	11,023,043	4,589,383	3,789,041	3,048,620	14,692,560	37,142,647
<i>Provision for possible loan losses</i>						(291,691)
Loans after deduction of the provision						36,850,956

As of January 01, 2017

	<i>Up to 30 days</i>	<i>From 31 to 90 days</i>	<i>From 91 to 180 days</i>	<i>From 181 days to 1 year</i>	<i>Over 1 year</i>	<i>Total</i>
Loans	19,412,901	2,712,484	3,847,592	4,356,005	7,793,986	38,122,968
<i>Provision for possible loan losses</i>						(235,394)
Loans after deduction of the provision						37,887,574

Geographical analysis of loans

	As of January 01, 2018 ths rubles	As of January 01, 2017 ths rubles
Russian Federation	30,953,684	26,743,114
<i>including:</i>		
Moscow	11,906,189	17,888,613
Moscow Region	1,080	1,080
St. Petersburg	9,184,716	4,223,203
Kaluga Region	-	280,000
Perm Territory	2,880,010	1,339,171
Novgorod Region	2,592,009	606,569
Jewish Autonomous Region	356,405	375,318
Krasnoyarsk Territory	-	545,201
Sverdlovsk Region	921,603	-
Belgorod Region	1,080,004	800,334
Lipetsk Region	-	416,171
Stavropol Territory	-	-
Chelyabinsk Region	137,516	267,454
Kursk Region	360,001	-
Tyumen Region	1,534,151	-
OECD	1,568,617	3,427,820
Other countries	4,620,346	7,952,034
Total loans and loan equivalents	37,142,647	38,122,968
<i>Provision for possible loan losses</i>	(291,691)	(235,394)
Total net loans and loan equivalents	36,850,956	37,887,574

Auditor's report

In 2018, the Bank intends to comply with the approved credit policy and issue loans to businesses in different industries.

4.4. Net investments in securities held to maturity

As of January 01, 2018, the Bank's security portfolio of 5,096,543 ths rubles comprises as follows:

	As of January 01, 2018 ths rubles	As of January 01, 2017 ths rubles
Bonds of the Government of the Russian Federation and municipal bonds:	4,001,978	630,638
Russian Federation federal loan bonds (OFZs)	2,996,708	630,638
Debentures of the constituent entities of the Russian Federation and local government authorities	1,005,270	-
Corporate bonds, including:	1,094,565	1,088,401
Bonds of credit institutions	-	-
Bonds of non-resident banks	1,094,565	1,088,401
Total debt securities held-to-maturity	5,096,543	1,719,039
Potential loss reserve	-	-
	5,096,543	1,719,039

The Bank considers investments in securities as a tool allowing it to derive interest and investment income and simultaneously flexibly regulate its current and medium-term liquidity. All securities are classified by the Bank as "securities held-to-maturity".

The principal market segments for the Bank to continue its operations shall be as follows:

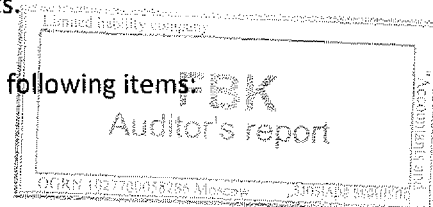
- Corporate securities;
- Government bonds;
- Eurobonds.

As of January 01, 2018, the Bank's debt securities portfolio comprises the following items:

Security type	Maturity	Coupon size, % p.a.
<i>Russian Federation federal loan bonds (OFZs):</i>		
OFZ 26204 RU000A0JRCJ6	15.03.2018	7.5
OFZ 25081 RU000A0JTKZ1	31.01.2018	6.2
OFZ 29011 RU000A0JV7J9	29.01.2020	10.43
OFZ-IN 52001 RU000A0JVMH1	16.08.2023	2.5
OFZ 24019 RU000A0JX0J2	16.10.2019	9.13
<i>Municipal bonds:</i>		
SPbGO35001-ob RU000A0ZYHX8	28.05.2025	7.7
<i>Bonds of non-resident credit institutions:</i>		
CHINA DEVELOPMENT BANK BOND 2014 27 CND100007YK1	20.11.2019	4.08
CHINA DEVELOPMENT BANK BOND 2014 19 CND100007RT6	24.07.2019	4.92

As of January 01, 2018, there were no debt liabilities with delayed payments.

As of January 01, 2017, the Bank's debt securities portfolio comprises the following items:



Security type	Maturity	Coupon size, % p.a.
Russian Federation federal loan bonds (OFZs):		
OFZ 26204 RU000A0JRCJ6	15.03.2018	7.5
OFZ 25081 RU000A0JTKZ1	31.01.2018	6.2
OFZ-IN 52001 RU000A0JVMH1	16.08.2023	2.5
Bonds of non-resident credit institutions:		
CHINA DEVELOPMENT BANK BOND 2014 27 CND100007YK1	20.11.2019	4.08
CHINA DEVELOPMENT BANK BOND 2014 19 CND100007RT6	24.07.2019	4.92

The portfolio comprises liquid securities traded in the open market and with current quotations.

Reliable prime-quality borrowers with sound market positions are seen as issuers of securities by the Bank. The composition of the securities portfolio is made up with regard to a balanced estimate of reliability, liquidity, maturity and profitability of each instrument.

The Bank will continue to perform operations with securities, including for investment purposes, with its preference being state securities of the Russian Federation and highly liquid bonds and debentures of the largest Russian and foreign issuers.

4.5. Current income tax claims

	As of January 01, 2018 ths rubles	As of January 01, 2017 ths rubles
Current income tax claims	31,341	39,678
Total current income tax claims	31,341	39,678

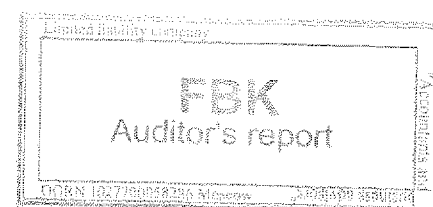
The current income tax claims occurred as a result of income tax overpayment identified in course of calculation of the income tax base for 2017.

4.6. Fixed assets and inventories

The composition of fixed assets is presented in the table below:

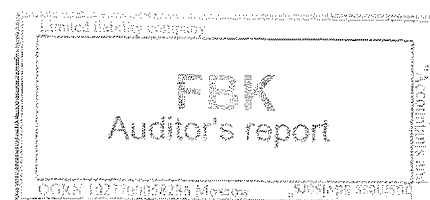
	As of January 01, 2018 ths rubles	As of January 01, 2017 ths rubles
Fixed assets	109,123	79,390
Investments in construction, creation and acquisition of fixed assets	4,769	-
Intangible assets	41,689	13,261
Inventories	7	6
Fixed assets, intangible assets and inventories:	155,588	92,657

Movements in fixed assets are presented below:



for 2017

	Equipment, capital investments	Transport vehicles	Furniture, etc., capital investments	Intangible assets	Inventories	Total
Book value						
Balance as of January 01, 2017	62,900	5,372	11,118	13,261	6	92,657
Acquisitions	31,939	2,143	10,503	28,459	14,773	87,817
Disposals	(9,059)	(958)	(66)	(31)	(14,772)	(24,886)
Revaluation	-	-	-	-	-	-
Balance as of January 01, 2018	85,780	6,557	21,555	41,689	7	155,588
Depreciation and impairment losses						
Balance as of January 01, 2017	28,973	1,006	1,419	2,400	-	33,798
Accumulated depreciation for the quarter	12,320	1,251	1,909	3,915	-	19,395
Disposals	(1,966)	(958)	(27)	(31)	-	(2,982)
Revaluation	-	-	-	-	-	-
Balance as of January 01, 2018	39,327	1,299	3,301	6,284	-	50,211
Net book value						
As of January 01, 2018	46,453	5,258	18,254	35,405	7	105,377



for 2016

	Equipment, capital investments	Transport vehicles	Furniture, etc., capital investments	Intangible assets	Inventories	Total
Book value						
Balance as of January 01, 2016	34,920	1,109	2,154	-	-	38,183
Acquisitions	28,808	4,414	9,026	13,261	11,232	66,741
Disposals	(828)	(151)	(62)	-	(11,226)	(12,267)
Revaluation	-	-	-	-	-	-
Balance as of January 01, 2017	62,900	5,372	11,118	13,261	6	92,657
Depreciation and impairment losses						
Balance as of January 01, 2016	23,259	1,109	1,324	-	-	25,692
Accumulated depreciation for the quarter	6,542	48	157	2,400	-	9,147
Disposals	(828)	(151)	(62)	-	-	(1,041)
Revaluation	-	-	-	-	-	-
Balance as of January 01, 2017	28,973	1,006	1,419	2,400	-	33,798
Net book value						
As of January 01, 2017	33,927	4,366	9,699	10,861	6	58,859

As of December 31, 2017, the Bank's ownership to its fixed assets is not restricted.

To all groups of homogenous fixed assets, except for Group 10 (property with useful life over 30 years) "Buildings", the Bank applies accounting at the original cost less accumulated depreciation and accumulated revaluation losses.

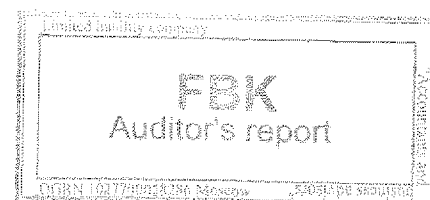
To fixed assets Group 10 (property with useful life over 30 years) "Buildings" the Bank applies accounting at revalued book value.

The revaluation is carried out on an annual basis.

As of December 31, 2017, the Bank's balance sheet does not include any fixed assets included in Group 10 "Buildings", therefore, no revaluation shall be carried out.

4.7. Other assets

The volume, structure and changes of the carried balances of other assets, including those due to impairment, are presented in the table below broken down by type of other assets:

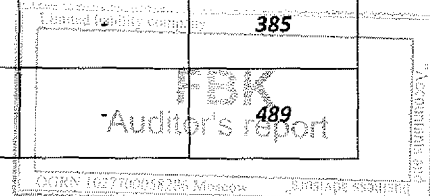


	As of January 01, 2018 ths rubles	As of January 01, 2017 ths rubles
Financial, total	178,882	144,035
<i>including:</i>		
Claims on interest	164,844	141,239
Claims on overdue interest	8,453	-
Claims on commissions for documentary letters of credit	532	36
Claims on commissions for loan agreements	3,727	2,576
Factoring commissions	1,276	-
Other commissions	50	69
Other assets	-	115
Non-financial, total	29,534	22,439
<i>including:</i>		
Settlements with the budget and non-budgetary funds	385	-
Settlements in respect of remunerations payment	489	-
Accounts receivable	26,564	18,053
Other	2,096	4,386
Total before deduction of the provision for impairment	208,416	166,474
Provision for impairment of other assets	(28,063)	(17,783)
Total after deduction of the provision for impairment	180,353	148,691

Other assets comprise short-term and long-term receivables.

Information on maturity terms of other assets as of January 01, 2018 (before provision for possible losses) is presented in the table below:

<i>As of January 01, 2018</i>						<i>ths rubles</i>
	<i>Up to 30 days</i>	<i>From 31 to 90 days</i>	<i>From 91 to 180 days</i>	<i>From 181 days to 1 year</i>	<i>Over 1 year</i>	<i>Total</i>
Financial, total	56,025	52,413	37,998	32,425	21	178,882
<i>including:</i>						
Claims on interest	43,345	51,086	37,967	32,425	21	164,844
Claims on overdue interest	8,453	-	-	-	-	8,453
Claims on commissions for documentary letters of credit	314	187	31	-	-	532
Claims on commissions for loan agreements	2,587	1,140	-	-	-	3,727
Factoring commissions	1,276	-	-	-	-	1,276
Other commissions	50	-	-	-	-	50
Other assets	-	-	-	-	-	-
Non-financial, total	8,881	8,947	1,065	10,174	467	29,534
<i>including:</i>						
Settlements with the budget and non-budgetary funds	385	-	-	-	-	385
Settlements in respect of remunerations payment	43	446	-	-	-	489



	Up to 30 days	From 31 to 90 days	From 91 to 180 days	From 181 days to 1 year	Over 1 year	Total
Accounts receivable	6,357	8,501	1,065	10,174	467	26,564
Other	2,096	-	-	-	-	2,096
Total before deduction of the provision for impairment	64,906	61,360	39,063	42,599	488	208,416
Provision for impairment of other assets						(28,063)
Total after deduction of the provision for impairment						180,353

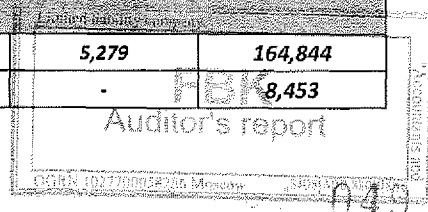
As of January 01, 2017

thb rubles

	Up to 30 days	From 31 to 90 days	From 91 to 180 days	From 181 days to 1 year	Over 1 year	Total
Financial, total	30,011	29,984	36,610	18,506	28,924	144,035
including:						
Claims on interest	29,809	29,984	36,610	18,488	26,348	141,239
Commissions on letters of credit	18	-	-	18	-	36
Claims on loan agreements	-	-	-	-	2,576	2,576
Other commissions	69	-	-	-	-	69
Other	115	-	-	-	-	115
Non-financial, total	196	8,245	1,403	10,917	1,678	22,439
including:						
Settlements with the budget and non-budgetary funds	-	-	-	-	-	-
Accounts receivable	196	8,175	1,368	7,140	1,174	18,053
Other	-	70	35	3,777	504	4,386
Total before deduction of the provision for impairment	30,207	38,229	38,013	29,423	30,602	166,474
Provision for impairment of other assets	(222)	(867)	(882)	(14,101)	(1,711)	(17,783)
Total after deduction of the provision for impairment	29,985	37,362	37,131	15,322	28,891	148,691

By currency (as of January 01, 2018):

	RUB (643)	USD (840)	CNY (156)	EUR (978)	Total
Financial, total	57,044	80,250	36,278	5,310	178,882
including:					
Claims on interest	55,719	70,428	33,418	5,279	164,844
Claims on overdue interest	-	8,453	-	-	8,453



Claims on commissions for documentary letters of credit	-	-	501	31	532
Claims on commissions for loan agreements	-	1,368	2,359	-	3,727
Factoring commissions	1,276	-	-	-	1,276
Other commissions	49	1	-	-	50
Other assets	-	-	-	-	-
Non-financial, total	29,534	-	-	-	29,534
<i>including:</i>					
Settlements with the budget and non-budgetary funds	385	-	-	-	385
Settlements in respect of remunerations payment	489	-	-	-	489
Accounts receivable	26,564	-	-	-	26,564
Other	2,096	-	-	-	2,096
Total before deduction of the provision for impairment	86,578	80,250	36,278	5,310	208,416
Provision for impairment of other assets					(28,063)
Total after deduction of the provision for impairment					180,353

By currency (as of January 01, 2017):

	RUB (810)	USD (840)	CNY (156)	Total
Financial, total	44,558	73,436	26,041	144,035
<i>including:</i>				
Claims on interest	44,375	73,187	23,677	141,239
Commissions on letters of credit	-	-	36	36
Claims on loan agreements	-	8	2,328	2,336
Other commissions	68	241	-	309
Other	115	-	-	115
Non-financial, total	22,438	1	-	22,439
<i>including:</i>				
Settlements with the budget and non-budgetary funds	-	-	-	-
Accounts receivable	18,052	1	-	18,053
Other	4,386	-	-	4,386
Total before deduction of the provision for impairment	66,996	73,437	26,041	166,474
Provision for impairment of other assets				(17,783)
Total after deduction of the provision for impairment				148,691

4.8. Funds due to credit institutions

Balances due to credit institutions with a breakdown into separate types of accounts are represented in the table below:



	As of January 01, 2018 ths rubles	As of January 01, 2017 ths rubles
VOSTRO accounts	6,730,137	10,521,513
Interbank credits and deposits	3,154,873	5,981,887
Subordinated loans	2,880,010	3,032,845
	12,765,020	19,536,245

Information about terms and maturity of subordinated loan is provided below:

Balance sheet value, ths rubles					
Counterparty name	Disbursement date	Maturity date	Rate, %	As of January 01, 2018 ths rubles	As of January 01, 2017 ths rubles
ICBC LTD BEIJING	29.10.2013	30.10.2023	2.87	2,880,010	3,032,845

In 2017, Bank ICBC (JSC) expanded its cooperation with Russian and Chinese financial institutions and established correspondent relations and opened accounts in various currencies to nineteen Russian banks. To increase its presence on interbank and currency conversion markets the Bank kept concluding contracts with Russian and foreign banks.

With the Bank as an intermediary, two more Russian banks became indirect participants of the Cross-Border Interbank Payment System (CIPS) established under the supervision of the National Bank of China. The status of an indirect CIPS participant was granted to Expobank LLC and JSCB Novikombank.

In 2017, trilateral agreements were signed also among Bank ICBC (JSC), Russian banks as a loro correspondent and China Union Pay. This allowed Russian banks to use correspondent accounts opened with Bank ICBC (JSC) for settlements with China Union Pay payment cards.

Marketing activity of the Bank aimed at fostering settlements in CNY among Russian banks, its measures to stimulate account balances kept at the Bank and promoting settlements through Bank ICBC (JSC) contributed to increased volumes of operations in CNY.

Having the status of a Clearing Bank for settlements in CNY in the territory of the Russian Federation, in late 2017, the Bank reduced its tariffs for operations in CNY in order to make them as acceptable as possible to counterparty banks and thus to encourage the use of the Chinese Yuan as a means of settlement.

Via the ICBC payment system registered in the Bank 2017 saw over 2,594 payments in the total amount of 248,074,529 rubles, which is more by 21% in terms of transactions as compared with 2016 (2016: 2,041 payment) and by 30% in terms of funds transferred (2016: 173,358,151 rubles).

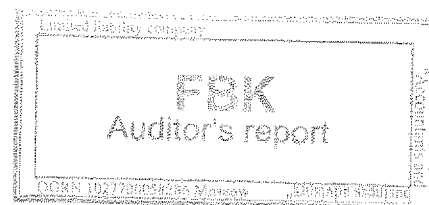
As of January 01, 2018, the amount of raised interbank loans decreased. Such decrease is due to the Bank's active use of financial instruments of forward transactions (SWAPs), as well as significant raising of funds from the Bank's customers and an increase in balances on accounts of counterparty banks.

Despite this as well as for the purposes of scheduled development of new business directions, the Bank continues to remain active and further expand its counterparty and resource base.

At present the Bank's key correspondents and counterparties are sound and reliable financial institutions.

4.9. Funds due to customers other than credit institutions

Balances on settlement and deposit accounts of customers being legal entities and individuals, by account type are presented in the table below:



	As of January 01, 2018 ths rubles	As of January 01, 2017 ths rubles
Legal entities:	21,410,020	24,486,275
- Uncompleted transfers of customers	1,239,269	-
- Current / settlement accounts	7,368,122	10,071,992
- Funds in settlements	-	-
- Fixed-term deposits	12,363,822	14,251,933
- Other attracted funds	438,807	162,350
Individuals:	103	3
- Funds in settlements	3	3
- Current accounts	-	-
- Deposits	100	-
	21,410,123	24,486,278

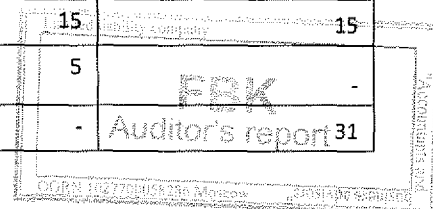
The funds of individuals are represented by deposits and funds in settlements (transfers) of individuals.

To sustain the Bank's image and strengthen its status of a reliable credit institution, as well as to expand its customer base, the Bank constantly works to develop and introduce personalized client servicing for large-scale customers.

In 2017 the Bank was active to attract new customers represented by large Russian and foreign companies. Cooperation with them made it possible for the Bank to continue expansion of its presence on the corporate lending market.

Below is the breakdown of customers balances by economy sector:

Type of business activity	As of January 01, 2018 ths rubles	As of January 01, 2017 ths rubles
Funds of legal entities, residents - total	19,243,572	23,524,883
Including:		
AGRICULTURE, FORESTRY, HUNTING, FISHING AND FISH FARMING	159,336	113,477
EXTRACTION OF MINERALS	261,316	148,325
MANUFACTURING	5,886,389	2,397,648
PRODUCTION AND DISTRIBUTION OF POWER, GAS AND STEAM; AIR CONDITIONING	2,417,510	5,355,430
CONSTRUCTION	4,456,653	8,479
WHOLESALE AND RETAIL TRADING; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES	2,886,544	11,869,636
TRANSPORTATION AND STORAGE	488,103	949,391
HOTELS AND RESTAURANTS (HORECA)	2,047	1,442
COMMUNICATION AND INFORMATION	64,301	35,659
FINANCE AND INSURANCE	316,267	1,167,429
OPERATIONS WITH IMMOVABLE PROPERTY	760,146	341,541
PROFESSIONAL SERVICES, RESEARCH AND TECHNOLOGIES	1,539,764	1,134,515
ADMINISTRATIVE AND OTHER ACCOMPANYING SERVICES	5,176	1,865
CULTURE, SPORTS AND LEISURE	15	15
WATER SUPPLY; WATER DISPOSAL, WASTE COLLECTION AND MANAGEMENT, POLLUTION RESPONSE	5	-
OTHER SERVICES	-	31



Type of business activity	As of January 01, 2018 ths rubles	As of January 01, 2017 ths rubles
Funds of legal entities, non-residents - total	927,179	961,392
Uncompleted transfers of customers	1,239,269	-
Funds of individuals - total	103	3
Funds due to customers, total	21,410,123	24,486,278

4.10. Financial liabilities assessed at fair value through profit or loss

There are no financial liabilities assessed at fair value through profit or loss as of January 01, 2018 on the Bank's balance sheet.

	As of January 01, 2018 ths rubles	As of January 01, 2017 ths rubles
Derivative financial instruments with expected reduction of economic benefits (swap with an underlying asset - foreign currency)	-	1,305
Financial liabilities assessed at fair value through profit or loss	-	1,305

4.11. Tax liabilities

	As of January 01, 2018 ths rubles	As of January 01, 2017 ths rubles
Current income tax liabilities	5,170	26,616
Deferred tax liability	-	-

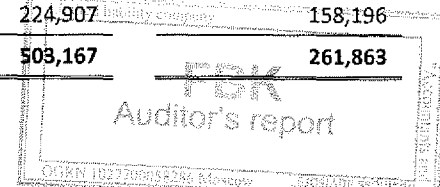
The current income tax liability occurred as a result of calculation of income tax on interest income received from government and municipal bonds in December 2017.

4.12. Other liabilities

	As of January 01, 2018 ths rubles	As of January 01, 2017 ths rubles
Interest payment liabilities	278,048	183,575
Other accounts payable	365	5
Unearned revenues	772	347
Other	124,155	1,011
Total other financial liabilities	403,340	184,938
Accounts payable including debt on other taxes	99,827	76,925
Total other non-financial liabilities	99,827	76,925
	503,167	261,863

Information on other liabilities by maturity is presented in the below table:

	As of January 01, 2018 ths rubles	As of January 01, 2017 ths rubles
Up to 1 year	278,260	103,667
Over 1 year	224,907	158,196
Total other liabilities	503,167	261,863



By currency (as of January 01, 2018):

	RUB (810)	USD (840)	EUR (978)	CNY (156)	Total
Financial, total	4,609	163,677	-	235,054	403,340
<i>including:</i>					
Interest payment liabilities	3,772	48,476	-	225,800	278,048
Other accounts payable	3	2	-	360	365
Unearned revenues	772	-	-	-	772
Other	62	115,199	-	8,894	124,155
Non-financial, total	99,827	-	-	-	99,827
<i>including:</i>					
Accounts payable including debt on other taxes	99,827	-	-	-	99,827
Total other liabilities	104,436	163,677	-	235,054	503,167

By currency (as of January 01, 2017):

	RUB (810)	USD (840)	EUR (978)	CNY (156)	Total
Financial, total	2,274	28,906	11	153,747	184,938
<i>including:</i>					
Interest payment liabilities	1,924	27,893	11	153,747	183,575
Other accounts payable	3	2	-	-	5
Unearned revenues	347	-	-	-	347
Other	-	1,011	-	-	1,011
Non-financial, total	76,925	-	-	-	76,925
<i>including:</i>					
Accounts payable including debt on other taxes	76,925	-	-	-	76,925
Total other liabilities	79,199	28,906	11	153,747	261,863

4.13. Share capital of the Bank

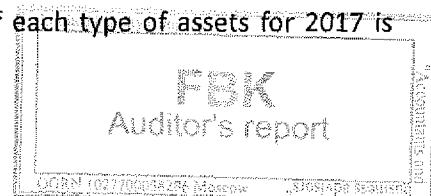
By the decision of the Shareholder and in accordance with the registration by the Bank of Russia of the additional share issue report, on March 27, 2017, the Bank increased its share capital. The additional issue was 340,000 shares, with the par value of 25 ths rubles each.

As of January 01, 2018, the Bank's registered share capital amounts to 10,809,500 ths rubles and consists of 432,380 ordinary registered non-certificated shares with the par value of 25 ths rubles each.

5. Accompanying information to the Statement of financial results.

5.1. Losses and provisions for losses

Information about losses and impairment reversal amounts in respect of each type of assets for 2017 is presented as compared with 2016:



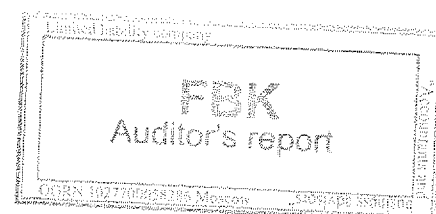
	Loans & loan equivalents and interests	Funds on correspondent accounts	Securities held-to-maturity	Provision for possible losses on credit-related contingencies	Other assets	Total
thb rubles						
As of January 01, 2016	138,561	-	-	-	10,720	149,281
Creation	620,719	63,700	249,792	5,886	72,905	1,013,002
Reversal	523,469	63,700	249,792	5,169	66,188	908,318
Withdrawals	-	-	-	-	(71)	(71)
As of January 01, 2017	235,811	-	-	717	17,366	253,894

	Loans & loan equivalents and interests	Funds on correspondent accounts	Securities held-to-maturity	Provision for possible losses on credit-related contingencies	Other assets	Total
thb rubles						
As of January 01, 2017	235,811	-	-	717	17,366	253,894
Creation	318,633	-	-	147,183	238,766	704,582
Reversal	261,540	-	-	128,332	229,282	619,154
Withdrawals	-	-	-	-	-	-
As of January 01, 2018	292,904	-	-	19,568	26,850	339,322

5.2. Information about foreign exchange differences recognized as profit or loss

The net income/(loss) from foreign currency operations is presented as follows:

	As of January 01, 2018 thb rubles	As of January 01, 2017 thb rubles
Income from foreign currency operations	4,403,862	3,092,780
Expenses from foreign currency operations	(4,535,211)	(2,950,218)
Net income from foreign exchange operations	(131,349)	142,562
Income from foreign currency revaluation	38,017,669	92,316,539
Expenses from foreign currency revaluation	(36,966,370)	(92,305,069)
Net income from foreign currency revaluation	1,051,299	11,470
Total net income/(loss) from foreign currency operations	919,950	154,032



5.3. Information about the main components of income tax expenses (refund)

	As of January 01, 2018	As of January 01, 2017
	thb rubles	thb rubles
Property tax	177	103
VAT paid for goods and services	26,185	22,019
VAT paid for non-deductible goods and services	1,948	1,081
Transport tax	16	13
Paid state duty	313	213
Tax on income from state securities	33,471	10,169
Tax withheld by tax agent	446	15,832
20% income tax	236,037	320,316
Increase (reduction) of income tax by deferred income tax	-	(119)
Income tax expense	298,593	369,627

During 2017 no new taxes were imposed. Tax rates did not change.

5.4. Information about emoluments to employees

Personnel expenses and other employee emoluments include the following components:

	As of January 01, 2018	As of January 01, 2017
	thb rubles	thb rubles
Salary of employees	456,595	463,962
Taxes and payroll contributions	43,967	36,646
Other personnel expenses	2,131	1,775
Personnel expenses	502,693	502,383

5.5. Information about fixed assets retirement

In 2017, there was retirement of fixed assets. The retired fixed assets were inseparable improvements in the rented premises, as well as equipment, vehicles and furniture.

The reason for the retirement of inseparable improvements was the expiry of the premises lease agreement and, as a consequence, the transfer of inseparable improvements to the lessor.

The reason for the retirement of equipment, vehicles and furniture was the expiry of useful life of those fixed assets.

Below there are the income and expenses items that result from the retirement of fixed assets.

	As of January 01, 2018 thb rubles	As of January 01, 2017 thb rubles
Expenses related to equipment retirement (sale)	(2,732)	-
Expenses related to retirement (sale) of inseparable improvements	(1,593)	-
Expenses related to retirement (sale) of furniture	(38)	-
Total expenses related to retirement (sale) of fixed assets	(4,363)	-
Income related to retirement (sale) of vehicles	441	-
Net financial result related to retirement of fixed assets	(3,922)	-

3,922

liability company

FBK
Auditor's report

CGRN 102776058 186 Moscow

STORAGE 853001

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6. Accompanying information to the Report on capital adequacy

The Bank's capital management is aimed at the following: ensuring compliance with capital requirements, as stipulated by the Central Bank of Russia and internal documents of the Bank, enabling functioning of the Bank as a going concern, and maximizing profit as a result of debt to equity ratio optimization.

The policy and principles of the Bank's equity capital management encompass actions aimed at:

- Proper risk-return balance of operations, which is achieved by selection of the most beneficial funds placement terms and consistent observance of all mandatory and internal ratios;
- Compliance of the Bank's development strategy with the scope of its activities;
- Restricting the amount of banking operations and the risks assumed by the amount of regulatory and available capital.

The Bank's capital management is underpinned by correlation of risks assumed by the Bank, scope of its activities (taking into account its development plans according to the strategy approved by the Board of Directors) and the current level of capital adequacy ratio. To maintain a proper level of capital adequacy ratio when extending its activities, the Bank can address its shareholder regarding a share capital increase and/or about getting a subordinated loan.

Bank ICBC (JSC) considers that its internal procedures for assessing its capital adequacy ratio are an integral part of its internal management system and a rationale for decision-making and takes into account the results of the IPACAR in making strategic decisions, for the purpose of budgeting and allocation of its available capital, granting of loans and other lines of activity.

The procedures for capital management are developed and monitored by the Risk Management Service. The Board of Directors, the President and the Management Board exercise permanent control over the adequacy of Bank ICBC (JSC)'s capital, the efficiency of risk and capital management procedures applied, the compliance of those procedures with the approved development strategy, the nature and the scope of operations, the level and combination of risks assumed by Bank ICBC (JSC).

The Bank determined that the indicator of efficiency of the policy of internal procedures for assessing the capital adequacy ratio shall be a sustainable growth of its equity value, provided that the requirements for its adequacy and allocation by risk types are complied with. During capital management Bank ICBC (JSC) aspires to execute the approved development strategies, comply with the applicable legislation, take into account limitation of transactions by the amount of own capital, dynamism of the capital volume and structure subject to alterations in external and internal environment factors.

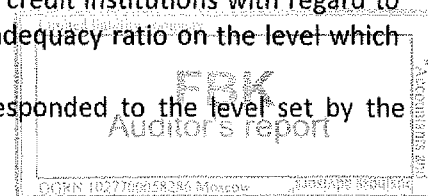
Bank ICBC (JSC) daily calculates capital adequacy value and assessment indicators in accordance with Regulation of the Central Bank of Russia dated December 28, 2012 No. 395-П "On Methods of Assessment of Equity Funds (Capital) of Institutional Lenders (Basel III)" and Instruction of the Central Bank of Russia dated June 28, 2017 No. 180-И "On Mandatory Ratios for Banks". The Bank developed also its methodology for internal assessment of capital adequacy, under which the available capital, the economic capital and the internal capital adequacy ratio are calculated at predetermined intervals.

To determine the minimum capital size sufficient to cover risks, the Board of Directors of the Bank set internal capital adequacy ratios, which govern minimum allowed indicators of different type of available regulatory capital to risk-weighted assets of the Bank. In order to pursue a more conservative and risk-weighted policy, the Board of Directors set a limit of H1.0 internal ratio at the rate of 12% and an "alarm" level of 13% within the risk appetite system in March 2017 (Minutes of the Meeting of the Board of Directors of Bank ICBC (JSC)) No. 03-17 dated March 29, 2017). For H1.1 internal ratio, the Board of Directors set a limit of 8% and an "alarm" level of 8.2% (Minutes of the Meeting of the Board of Directors of ICBC Bank (JSC) No. 03-17 dated March 29, 2017). Throughout 2017 the Bank observed its internal capital adequacy ratios.

Current planning of the Bank's operations is performed with due consideration of their impact on the capital value. Risk-weighted transactions, whenever required, shall be structured differently to bring the capital level back to the required level.

The Bank regularly monitors the regulatory requirements established for credit institutions with regard to calculation of the capital value and adequacy. The Bank maintains the capital adequacy ratio on the level which meets the nature and scope of operations conducted by the Bank.

Throughout 2017 the equity (capital) adequacy ratio of the Bank corresponded to the level set by the regulator.



The Management Board of ICBC Bank (JSC) approved the internal procedures for assessing the capital adequacy ratio (IPACAR), that are the procedures for assessing by ICBC Bank (JSC) the adequacy of its available capital, i.e. the capital to cover its assumed and potential risks, and that include as well the procedures for capital planning based on the adopted development strategy, business growth benchmarks, results of comprehensive current risk assessment and stress testing of internal and external risk factors tolerance. The IPACAR are designed to align the risk management and the capital management so that the capital covers all significant risks of ICBC Bank (JSC). The risk assessment procedures shall arrive at a comprehensive picture for the risk management, the Management, the Board of Directors, the Shareholder and external users. In this case, the indicator of efficiency of the IPACAR policy shall be the provision of capital required to cover the risks assumed by ICBC Bank (JSC) in accordance with the risk appetite indicators and the keeping of significant risks at a level not threatening the activity of ICBC Bank (JSC). During capital management Bank ICBC (JSC) aspires to execute the approved development strategies, comply with the applicable legislation, take into account limitation of transactions by the amount of own capital, dynamism of the capital volume and structure subject to alterations in external and internal environment factors.

6.1. Information about maturities, terms and main parameters of capital instruments of the credit institution and its approaches to capital adequacy assessment for continued current and future activity

Main capital instruments

Share capital

The declared, issued and fully paid share capital includes the following components:

	As of January 01, 2018		As of January 01, 2017	
	ths rubles		ths rubles	
	Number of shares	Nominal value	Number of shares	Nominal value
Common shares	432,380	10,809,500	92,380	2,309,500
Share capital	432,380	10,809,500	92,380	2,309,500

The Bank's share capital fully belongs to Industrial and Commercial Bank of China Limited Joint-Stock Company.

Share premium

The Bank has no share premium.

Reserve fund

According to Federal Law No. 208-FZ "On Joint-Stock Companies" and the Articles of Association, the Bank shall form its reserve fund to cover possible losses on its operations at the expense of annual deductions from net profit.

The size of the reserve fund is 10% of the Bank's registered Authorized Capital.

The annual deductions to the reserve fund shall amount to 5% from net profit and shall be made until the reserve fund reaches the minimum size established by the Articles of Association of the Bank.

The reserve fund amounts to:

Reserve fund

As of January 01, 2018	As of January 01, 2017
ths rubles	ths rubles
174,710	108,764

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Additional capital instruments

Subordinated loans

As of January 01, 2018, the Bank had one subordinated loan for the total amount of 2,880,010 ths rubles with maturity on October 30, 2023. During 2017 the Bank did not conclude any new contracts for raising subordinated loans.

The table below presents the regulatory capital as prepared by the Bank in its statutory reports in accordance with the Requirements of the Russian legislation. The comparative data for the previous reporting period was calculated in accordance with the procedure of statutory reporting under form 0409123 "Calculation of Equity Funds (Capital) (Basel III)":

	As of January 01, 2018 ths rubles	As of January 01, 2017 ths rubles
Core capital	12,672,062	4,473,920
Additional capital	3,985,837	4,347,726
Regulatory capital	16,657,899	8,821,646

In accordance with the requirements of Regulations of the Central Bank of Russia dated December 28, 2012 No. 395-П "On the Methods of Assessment of Equity Funds (Capital) of Institutional Lenders (Basel III)", the Bank's capital adequacy ratios were the following:

	Minimum allowable value, %	As of January 1, 2018, %
Equity capital adequacy ratio H 1.0 (%)	8.0	37.8
Core capital adequacy ratio H 1.1 (%)	4.5	28.7
Main capital adequacy ratio H 1.2 (%)	6.0	28.7

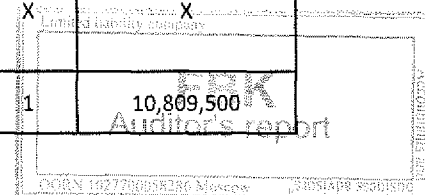
In the reporting period, the Bank observed the minimum allowed value of the capital adequacy ratio.

During the reporting year, by results of the annual meeting of the Bank's Shareholder held on June 26, 2017, the decision was made to pay dividends by results of the Bank's performance in 2015 and 2016.

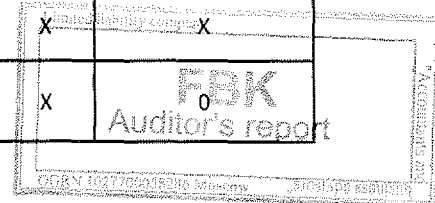
Dividend payment obligations amounted to 1,516,422 ths rubles. The payment was made on August 15, 2017 in full.

6.2. Information on the Balance Sheet data sourcing preparation of Section 1 of the Report on capital adequacy

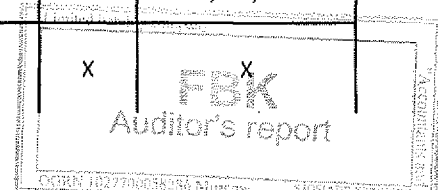
No.	Balance Sheet			Report on Capital adequacy (Section 1)		
	Narrative	Line code	Amount as of the reporting date	Narrative	Line code	Amount as of the reporting date
1	2	3	4	5	6	7
1	"Shareholder (participants) funds", "Share premium", total, including:	24, 26	10,809,500	X	X	X
1.1	Those treated as Core capital	X	10,809,500	"Share capital and Share premium, total,	1	10,809,500



No.	Balance Sheet			Report on Capital adequacy (Section 1)		
	Narrative	Line code	Amount as of the reporting date	Narrative	Line code	Amount as of the reporting date
1	2	3	4	5	6	7
				Including that already set up:"		
1.2	Those treated as Supplementary capital	X	0	Supplementary capital instruments and share premium treated as capital"	31	0
1.3	Those treated as Additional capital	X	0	"Additional capital instruments and share premium"	46	3,985,837
2	"Funds due to credit institutions", "Funds due to customers - non-credit institutions", total, including:	15, 16	34,175,143	X	X	X
2.1	Subordinated loans treated as Supplementary capital	X	0	Supplementary capital instruments and share premium treated as liabilities	32	0
2.2	Subordinated loans treated as Additional capital	X	X	"Additional capital instruments and share premium", total	46	3,985,837
2.2.1	of which: Subordinated loans		2,880,010	of which: Subordinated loans	X	2,880,010
3	"Fixed assets, Intangible assets and inventories", total, including:	<u>10</u>	105,377	X	X	X
3.1	Intangible assets reducing the Core capital, total, of which:	X	28,324	X	X	X
3.1.1	Business reputation (goodwill) net of deferred tax liabilities (line 5.1 of the Table)	X	0	Business reputation (goodwill) net of deferred tax liabilities (line 5.1 of the Table)	8	0
3.1.2	Other intangible assets (except for goodwill) net of deferred tax liabilities (line 5.2 of the Table)	X	28,324	"Intangible assets (except for goodwill and amounts of claims for servicing mortgage loans) net of deferred tax liabilities" (line 5.2 of the Table)	9	28,324
3.2	Intangible assets reducing Additional capital	X	7,081	"Intangible assets subject to gradual exclusion	41.1.1	7,081
4	"Deferred tax asset", total, including:	<u>9</u>	0	X	X	X
4.1	Deferred tax assets dependent on future profit	X	0	"Deferred tax assets dependent on future profit"	10	0
4.2	Deferred tax assets non-dependent on future profit	X	0	"Deferred tax assets non-dependent on future profit"	21	0
5	"Deferred tax liabilities"	<u>20</u>	0	X	X	X
5.1	Total, out of this: those reducing goodwill (line 3.1.1 of the Table)	X	0	X	X	0



No.	Balance Sheet			Report on Capital adequacy (Section 1)		
	Narrative	Line code	Amount as of the reporting date	Narrative	Line code	Amount as of the reporting date
1	2	3	4	5	6	7
5.2	those reducing other intangible assets (line 3.1.2 of the Table)	X	0	X	X	0
6	"Own shares (stakes), bought out from shareholders (participants)", total, including:	25	0	X	X	X
6.1	Those reducing Core capital	X	0	"Investments in own shares (stakes)"	16	0
6.2	Those reducing Supplementary capital	X	0	"Investments in own instruments of Supplementary capital", "Own shares (stakes) bought out from shareholders (participants)", subject to gradual exclusion	37, 41.1.2	0
6.3	Those reducing Additional capital	X	0	"Investments in own instruments of Additional capital"	52	0
7	"Funds due from credit institutions", "Net loans", "Net investments in securities and other financial assets available for sale", "Net investments in securities held to maturity", total, including:	3, 5, 6, 7	44,242,975	X	X	X
7.1	Insignificant investments into Core capital of credit institutions	X	0	"Insignificant investments into Core capital of credit institutions"	18	0
7.2	Significant investments into Core capital of credit institutions	X	0	"Significant investments into Core capital of credit institutions"	19	0
7.3	Insignificant investments into Supplementary capital of credit institutions	X	0	"Insignificant investments into Supplementary capital of credit institutions"	39	0
7.4	Significant investments into Supplementary capital of credit institutions	X	0	"Significant investments into Supplementary capital of credit institutions"	40	0
7.5	Insignificant investments into Supplementary capital of credit institutions	X	0	"Insignificant investments into Supplementary capital of credit institutions"	54	0
7.6	Significant investments into Additional capital of credit institutions	X	0	"Significant investments into Additional capital of credit institutions"	55	0
8	"Reserve Fund"	27	174,710	"Reserve Fund"	3	174,710
9	"Retained earnings (accumulated loss) of prior periods"	33	1,723,257	X	X	X
9.1				"Retained earnings (accumulated loss)" total:	2	1,723,257
9.2				of which: Prior years	X	1,723,257
10	"Undistributed profit (uncovered loss) for the reporting period"	34	1,107,151	X	X	X



No.	Balance Sheet			Report on Capital adequacy (Section 1)		
	Narrative	Line code	Amount as of the reporting date	Narrative	Line code	Amount as of the reporting date
1	2	3	4	5	6	7
11	"Other assets" total, including:	12	180,353	X	X	X
11.1	Those reducing Additional capital	X	2,096	X	X	X
12	"Other assets" total, including:	21	503,167	X	X	X
12.1	Those increasing Additional capital	X	772	X	X	X

7. Accompanying information to the mandatory ratios and financial leverage indicator.

7.1. Mandatory ratios

Mandatory ratios calculated as of January 01, 2018 are presented in the table below:

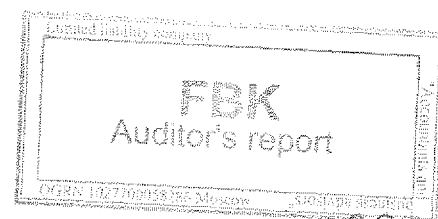
Mandatory ratios	Regulatory requirement	Calculated ratios at the current exchange rate (as of January 01, 2018), %	Calculation of ratios (as of January 01, 2017), %
Core capital adequacy ratio (H1.1)	Min 4.5%	28.7	10.3
Main capital adequacy ratio (H1.2)	Min 6%	28.7	10.3
Equity (capital) adequacy ratio (H1.0)	Min 8%	37.8	20.3
Ratio of instant liquidity (H2)	Min 15%	38.0	49.1
Ratio of current liquidity (H3)	Min 50%	63.8	76.4
Ratio of long-term liquidity (H4)	Max 120%	73.8	64.4
Ratio of maximum risk per one borrower or group of related borrowers (H6)	Max 25%	17.1	19.8
Ratio of maximum large credit risk exposure (H7)	Max 800%	190.1	269.2
Ratio of maximum exposure to credit, guarantees and sureties provided by the Bank to its shareholders (H9.1)	Max 50%	5.3	19.8
Ratio of maximum exposure per person (group of persons) related to the Bank (H25)	Max 20%	5.3	-

There were no significant changes in the calculation methodology of ratios in 2017. There were no violations by the Bank of mandatory ratios during the reporting period.

7.2. Data for financial leverage indicator

As of January 01, 2018, the Bank calculated the financial leverage indicator. The financial leverage indicator is calculated as relation of the Bank's capital to the aggregate value of:

- Assets accounted for in the books subject to revaluation;
- Credit-related contingent liabilities; and



- Credit risk on term transactions and derivative financial instruments less provision for possible losses on loans and loan equivalents or provision for possible losses.

The financial leverage indicator is presented in the table below:

	<i>As of January 01, 2018</i>
Main capital, ths rubles	12,672,062
Value of balance sheet assets and off-balance sheet claims at risk for calculation of financial leverage, ths rubles	55,566,117
Financial leverage under Basel III, %	22.8

The Bank had no considerable differences between the size of assets calculated according to the balance sheet (taking into account adjustments) and balance sheet assets used for calculation of the financial leverage as of January 01, 2018.

Components of financial leverage as of January 01, 2018:

- The amount of assets in accordance with the balance sheet (public disclosure form 0409806) is 48,517,666 ths rubles as of January 01, 2018;

- An adjustment to reduce credit-related contingencies to the credit equivalent is 8,251,710 ths rubles as of January 01, 2018;

- A decreasing adjustment by the amount of indicators taken to reduce the amount of fixed capital sources is 37,501 ths rubles in terms of future expenses and intangible assets as of January 01, 2018;

- A decreasing adjustment by the amount of indicators taken to reduce the amount of balance sheet assets is 1,165,758 ths rubles in terms of required reserves deposited with the Bank of Russia and the security deposit of the payment system operator as of January 01, 2018.

8. Accompanying information to the Statement of cash flows.

8.1. Information on material balances of cash and cash equivalents possessed by the Bank but unavailable for use

The amount of material cash balances not available for use as of January 01, 2018 was 1,165,758 ths rubles where: funds deposited with the Central Bank of Russia (Mandatory Reserve Fund) 348,760 ths rubles, and the security deposit of an operator of the payment system 816,998 ths rubles.

8.2. Information on material investment and financial operations not requiring use of cash

In the reporting period there were no material investment and financial operations not requiring use of cash.

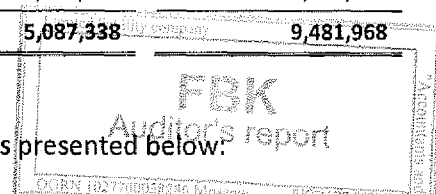
8.3. Information on unutilized credit facilities with indication of the existing restrictions for their use

As of January 01, 2018, the Bank does not have any credit facilities with restrictions on their use.

8.4. Information on cash flows:

	<i>As of January 01, 2018</i>	<i>As of January 01, 2017</i>
	<i>ths rubles</i>	<i>ths rubles</i>
Cash and cash equivalents		
Cash	30,275	99,124
Accounts with the Central Bank of Russia (except for the mandatory reserves and the security deposit of an operator of the payment system)	2,761,587	2,616,761
Funds due from credit institutions - residents	40,530	32,722
Funds due from credit institutions - non-residents	2,254,946	6,733,361
Total cash and cash equivalents	5,087,338	9,481,968

The information on cash flows with a breakdown into geographical areas is presented below:



As of January 01, 2018

ths rubles

	Russian Federation	OECD	Southeast Asia	Total
Cash	30,275	-	-	30,275
Accounts with the Central Bank of Russia (except for the mandatory reserves and the security deposit of an operator of the payment system)	2,761,587	-	-	2,761,587
Funds due from credit institutions - residents	40,530	-	-	40,530
Funds due from credit institutions - non-residents	-	187,084	2,067,862	2,254,946
Total cash and cash equivalents	2,832,392	187,084	2,067,862	5,087,338

As of January 01, 2017

ths rubles

	Russian Federation	OECD	Southeast Asia	Total
Cash	99,124	-	-	99,124
Accounts with the Central Bank of Russia (except for the mandatory reserves and the security deposit of an operator of the payment system)	2,616,761	-	-	2,616,761
Funds due from credit institutions - residents	32,722	-	-	32,722
Funds due from credit institutions - non-residents	-	4,969,325	1,764,036	6,733,361
Total cash and cash equivalents	2,748,607	4,969,325	1,764,036	9,481,968

According to the reporting form 0409814 "Statement of cash flows" as of January 01, 2018 the value of line 5 "Increase/use of cash and cash equivalents" was (4,394,630) ths rubles.

Cash outflow for 2017 was impacted by the following:

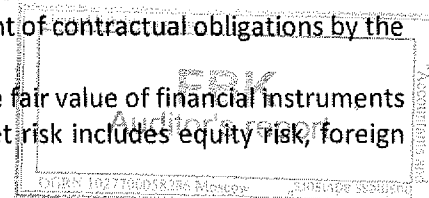
- Change in line 1.2.6 "Net increase/decrease in funds due to other credit institutions" in the total of (6,821,051) ths rubles;
- Change in line 1.2.7 "Net increase/decrease in funds due to other customers, other than credit institutions" in the total of (1,858,369) ths rubles;
- Change in line 2.3 "Acquisition of securities held to maturity" in the total of (3,891,529) ths rubles;
- Change in line 3.1 "Contributions of shareholders (participants) to the share capital" in the total of 8,500,000 ths rubles;

9. Information on risks assumed by the credit institution and procedures of their assessment, measurement, monitoring and control.

9.1. Information on types and sources of significant risks affecting the credit institution

In its activities the Bank is exposed to banking risks, which shall be understood as a possibility of losses inherent to banking due to potential occurrence of unfavourable events related to internal and/or external factors. Currently, Bank ICBC (JSC) divides its significant risks into the following types:

- The credit risk is a risk arisen in relation to the probability of nonfulfillment of contractual obligations by the borrower or contractor to Bank ICBC (JSC);
- The market risk is a risk of financial losses (expenses) due to change in the fair value of financial instruments as well as foreign exchange rates and/or prices for precious metals. The market risk includes equity risk, foreign exchange risk, interest rate risk of the business book and commodity risk;



- The liquidity risk is a risk of losses resulting from the Bank's failure to ensure complete performance of its obligations. Liquidity risk arises as a result of unbalanced financial assets and liabilities of the Bank (including due to any delay in performance of financial liabilities by one or several counterparties of the Bank)), and/or an unforeseen need for immediate and one-off discharge by the Bank of its financial liabilities.

- The concentration risk is a risk arising due to the Bank's exposure to major risks, the occurrence of which may lead to material losses that may threaten the credit institution's solvency and its ability to continue its operation.

- The interest rate risk of the Bank book is a risk of deterioration of financial state of Bank ICBC (JSC) due to the decrease in capital, income level, asset value due to the change in interest rates on the market.

9.2. Information on risks assumed by Bank ICBC (JSC), their assessment procedures, risk and capital management.

One of the most important strategic tasks of the Bank is keeping banking risks low and thus acceptable for the Bank's Shareholder and creditors. To achieve this goal the Bank has established a risk management system that provides for a set of inter-related measures and procedures aimed at prevention and minimization of damage, which may arise for the Bank as a result of realized banking risks.

The Board of Directors of ICBC Bank (JSC) developed and approved (by Minutes of the Meeting of the Board of Directors of ICBC Bank (JSC) No. 12-16 dated December 28, 2016) the Risk and Capital Management Strategy that determines the structure of management bodies and subdivisions performing the functions related to the risk and capital management of Bank ICBC (JSC), the allocation of functions related to the risk and capital management, the organization of control exercised by the Board of Directors and the executive bodies over the implementation of the IPACAR, the approaches to organization of the risk management system, the time limits for which the amount of operations (transactions) and capital is planned, the composition of IPACAR reports, the procedure and frequency of informing the Board of Directors of any identified deficiencies in the risk assessment and management methodology, the achievement of alarm values, the exceeding of set limits and actions taken to eliminate it, the procedure for taking measures in order to mitigate risks on the basis of information contained in the IPACAR reports.

The risk and capital management strategy determines that the risk management is important as it enables to identify risk factors, to assess the value of possible damage, to forecast to a certain extent the occurrence of a risk event, to take in advance measures required to mitigate potential adverse effects of or to eliminate the risk factors in full. The risk management is required to create the conditions for stable operation of ICBC Bank (JSC), to optimize its regulatory capital, to comply with the requirements of supervisory authorities, customers and counterparties.

The purpose of risk and capital management is:

- Maintaining an acceptable level of risk limited by the risk appetite;
- Ensuring the adequacy of economic and regulatory capital to cover significant risks;
- Compliance with the requirements of the Bank of Russia in terms of requirements for the activities of credit institutions (providing the amount of regulatory capital of Bank ICBC (JSC) that is not lower than that required by law, complying with mandatory banking ratios, etc.);

- Protection of the interests of Bank ICBC (JSC), its shareholder and customers.

The tasks of the risk and capital management system are as follows:

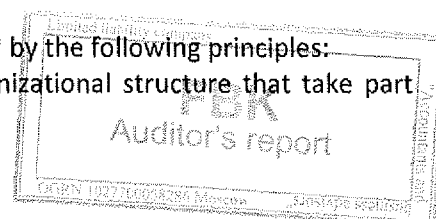
- Identification, assessment, aggregation of significant risks of ICBC Bank (JSC) and control over their level;
- Ensuring efficient allocation of resources to optimize the risk-return ratio of the operations carried out by ICBC Bank (JSC);

- Assessing the adequacy of economic and regulatory capital to cover significant risks;
- Planning of the economic capital by results of comprehensive assessment of significant risks, testing the tolerance of Bank ICBC (JSC) to internal and external risk factors, benchmarks of the ICBC Bank (JSC)'s development strategy, the Bank of Russia's requirements to the regulatory capital adequacy;

- Establishing a risk and capital management system at the time of an existing negative trend, as well as setting up an efficient early warning system to prevent critically high values of the risks for Bank ICBC (JSC) (i.e. risk minimization).

In the course of risk and capital management, ICBC Bank (JSC) is governed by the following principles:

- The multi-level principle that implies the identifying of levels of organizational structure that take part and/or influence the risk management process;



- The completeness principle that implies the interaction of all subdivisions of Bank ICBC (JSC) in the identifying and assessing banking risks by areas of activity;
- The principle of team decision-making in the carrying out of banking operations, the provision of services (products), that implies the making of a team decision in cases provided for by the Bank's internal regulatory documents;
- The principle of informational sufficiency of decision-making in the risk management, that implies the collection, comprehensive analysis and provision of information to the management bodies of ICBC Bank (JSC) required to make a balanced, unbiased and timely decision;
- The principle of updating, that implies updating of risk management methods and procedures in accordance with changes in the business environment and internal structural changes, constant monitoring of the adequacy of risk and capital management methods applied and their timely updating.

Maximum integrity of the Bank's assets and capital supported by mitigation of risk exposure, which may otherwise realize in any unexpected loss, shall be the Bank's priority.

Risk management is also performed by the Bank for the purposes of:

- Identification, measurement and assessment of an acceptable level of the aggregate banking risk;
- Protection of interests of the Bank and of the Bank's customers;
- Constant monitoring of the aggregate banking risk;
- Adoption of measures aimed at maintenance of the aggregate banking risk at a level not threatening to the Bank's financial stability and interests of its creditors and depositors;
- Observance by all the Bank's employees of laws, regulations and of the internal banking rules and procedures.

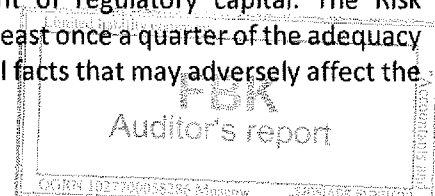
The purpose of the aggregate banking risk management by the Bank is achieved by means of a systematic and comprehensive approach involving the following:

- Obtaining timely and objective data on the condition and size of all the Bank's risks affecting the level of the aggregate banking risk;
- Qualitative and quantitative assessment (measurement) of the aggregate banking risk;
- Identification of correlation between different types of risks to assess an effect of the measures intended to be taken to limit any particular risk on increase or decrease of other risks;
- Establishing a risk management system for the risks assumed by the Bank and for the aggregate banking risk management at the time of an existing negative trend, as well as setting up an efficient early warning system to prevent critically high values of the risks for the Bank (i.e. risk minimization).

The main purpose of financial protection from banking risks shall be establishment of provisions for potential financial losses, if they occur. The Bank applies a range of financial instruments and resources available to protect its business from financial losses. The Bank's losses may be covered at the expense of two sources: set up provisions and the Bank's equity capital. The Bank's risk management system functions in a way that expected losses (e.g., on the loan portfolio) shall be covered at the expense of established provisions. Unexpected losses shall be covered at the expense of the Bank's equity capital. Accordingly, the amount of the Bank's provisions and capital has an impact on the risk size assumed by the Bank.

To assess an overall impact of the risks assumed, the Bank calculates and further analyses the economic capital and its correlation with available capital. To this end the Bank puts a part of the available (on hand) capital aside as a reserve (necessary to cover current and expected risks and, on the other hand, to ensure the Bank's continued business in case of such risks realization) for the assumed aggregate risk and also allocates the economic capital between different risk types depending on their relevance to the Bank's activities. The Bank regularly plans its capital size subject to various external factors and planned banking operations.

In order to control the adequacy of own funds (equity), the Risk Management Service monitors daily the current value of capital adequacy indicators within the risk appetite system of Bank ICBC (JSC) and within the control over the amount of economic capital and its correlation with the amount of regulatory capital. The Risk Management Service informs the Board of Directors and the Risk Committee at least once a quarter of the adequacy of the available capital, and in case of identification (occurrence) of any material facts that may adversely affect the capital adequacy ratio, such information shall be reported immediately.



The Risk Management Service shall also prepare and submit reports to the Risk Committee on significant risks of ICBC Bank (JSC) on a monthly basis and complete reports on all risks and the capital adequacy ratio on a quarterly basis; having been considered by the Risk Committee, such information is also submitted to the Board of Directors for consideration at least once a quarter. Reports on stress testing results are considered by the Risk Committee and the Board of Directors at the following intervals:

- On market risk (interest rate risk of the business book, foreign exchange, equity and commodity risk) and interest rate risk of the Bank's book, at least once a quarter;

- On liquidity risk, at least once every six months;

- On credit risk and concentration risk, at least once a year.

The Risk Management Service submits reports to the parent bank, ICBC Ltd. on a regular basis:

- Market risk reports, on a monthly basis;

- Reports on operational risk, reputation risk, risk appetite, comprehensive risk report, on a quarterly basis;

- Stress testing results, on a quarterly basis;

- Scenario analysis results, on an annual basis.

For the purposes of identification and monitoring of risks and development of risk minimization procedures, the Bank has an independent operating structural subdivision (Risk Management Service) reporting directly to the Bank's President. The main objectives of the Risk Management Service shall be:

- Identification, assessment, current control and recommendations regarding risk minimization in the Bank, compliant with the strategy determined by the Bank's Board of Directors; and

- On-going control over banking operations carried out by the Bank's Treasury.

To achieve its objectives the Risk Management Service of the Bank

- Implements and supports a comprehensive risk management system for banking risks, such as credit risk, market risk (including equity and foreign currency risks), interest rate risk, liquidity risk, legal risk, reputation risk, country risk, strategic risk, operating risk and concentration risk;

- Identifies origins of risks and their objects, performs risk classification and analysis;

- Identifies, assesses and aggregates risks relevant for the Bank;

- Drafts recommendations regarding risk appetite level and other risk limits at the Bank, controls risk appetite levels set in the Bank;

- Develops policies and procedures for stress-tests of the main risks of the Bank, performs such tests and back testing procedures;

- Drafts recommendations for risk minimization of the Bank's activities for the Bank's management bodies;

- Organizes Risk Committee work;

- Monitors, controls and plans the mandatory ratio H6;

- Monitors and subsequently controls mandatory ratios H2, H3, H4, H1.0, H1.1, H1.2, as well as the open currency position size of the Bank;

- Controls transactions performed by the Bank's Treasury;

- Elaborates certain areas of risk management at the Bank.

For the purposes of risks management and control, the Bank has running Credit Committee, Asset and Liability Committee and Risk Committee. Besides these, risk management functions in the Bank are performed by the Board of Directors.

The Credit Committee has been established as a body responsible for the following:

- Analysis of credit risks;

- Decision-making regarding credit operations with legal entities and individuals;

- Establishment of credit risk limits on operations with legal entities, individuals and counterparty banks.

The main functions of the Asset and Liability Committee include the following:

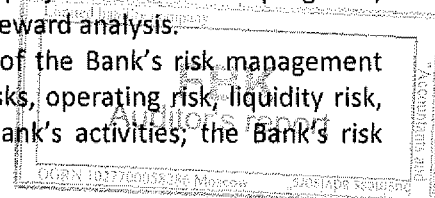
- Development and implementation of the tariff policy for the Bank's services and determination of material terms for providing such services;

- Approval of terms and conditions for new types of banking services;

- Decision-making regarding relevance and sources of financing for proposed projects and financial programs;

- Regulation of the Bank's asset and liability structure on the basis of a risk-reward analysis.

The main functions of the Risk Committee include the following: review of the Bank's risk management system, including but not limited to covering such risks as credit risk, market risks, operating risk, liquidity risk, strategic risk, reputation risk, legal risk, as well as other risks arising in the Bank's activities; the Bank's risk



management strategy review; review of the Bank's internal regulatory documents on risk management, organization of risk management process in the Bank; and review of risk assessment models used in the Bank.

Duties of the Board of Directors comprise selecting structure of risks management, approving control approaches and methodologies for key banking risks, and also approving the maximum aggregate risks level which can be covered by the Bank's capital and its sub-limits for particular risk types. Control over the key banking risks size and the size of the aggregate banking risk and its sub-limits is exercised by the Risk Management Service of the Bank.

As of January 01, 2018, the Bank's most relevant risks, subject to the type and scope of the Bank's operations, were the following:

- The credit risk is a risk arisen in relation to the probability of nonfulfillment of contractual obligations by the borrower or contractor to Bank ICBC (JSC);
- The market risk is a risk of financial losses (expenses) due to change in the fair value of financial instruments as well as foreign exchange rates and/or prices for precious metals. The market risk includes equity risk, foreign exchange risk, interest rate risk of the business book and commodity risk;
- The liquidity risk is a risk of losses resulting from the Bank's failure to ensure complete performance of its obligations. Liquidity risk arises as a result of unbalanced financial assets and liabilities of the Bank (including due to any delay in performance of financial liabilities by one or several counterparties of the Bank)), and/or an unforeseen need for immediate and one-off discharge by the Bank of its financial liabilities.
- The concentration risk is a risk arising due to the Bank's exposure to major risks, the occurrence of which may lead to material losses that may threaten the credit institution's solvency and its ability to continue its operation.
- The interest rate risk of the Bank book is a risk of deterioration of financial state of Bank ICBC (JSC) due to the decrease in capital, income level, asset value due to the change in interest rates on the market.

Summary of risk management procedures and methods for their assessment:

1. The market risk is a risk of financial losses (expenses) due to change in the fair value of financial instruments as well as foreign exchange rates and/or prices for precious metals. The market risk includes equity risk, foreign exchange risk, interest rate risk of the business book and commodity risk.

1.1. Currency exchange risk means the risk of financial loss due to adverse changes in the exchange rates of foreign currencies and/or accounting prices for gold for positions opened by Bank ICBC (JSC) in foreign currencies and/or gold.

Fluctuations in the value of the national currency that create the currency exchange risk result from changes in foreign and domestic interest rates, which, in turn, are related to differences in inflation. Being conditioned as a rule by macroeconomic factors, those fluctuations continue for a relatively long period, although the currency market response often contributes to the acceleration of the trend. The value of the national currency is influenced by such macroeconomic parameters as the scope and direction of foreign trade and capital flows. The reason for currency fluctuations may also be short-term factors, e.g. any expected or unforeseen political events, changes in expectations of market participants or speculative foreign exchange transactions. Those factors may influence the currency supply and demand and thus the daily movement of market exchange rates.

The primary objective of managing and controlling the foreign exchange risk is to minimize the capital loss of Bank ICBC (JSC) in the formation of assets and liabilities with the use of foreign currencies.

Bank ICBC (JSC) manages its foreign exchange risk through an open currency position based on the expected impairment of the national or foreign currency and other macroeconomic indicators, that allows minimizing loss caused by significant fluctuations of the exchange rates of the national and foreign currencies. Limits are determined both for each currency and for all positions in all currencies. The set limits of an open currency position may not exceed the limits set for those indicators by the Bank of Russia.

The basic ways to close a position are non-cash sale or purchase of foreign currency in the interbank market or cash sale or purchase at cash desks and exchange offices.

The tool for making management decisions in the area of foreign exchange risk applied by Bank ICBC (JSC) is its assessment by the delta normal method (VAR) for financial instruments denominated in foreign currencies and gold.

The foreign exchange risk management procedures are implemented on a stage-by-stage basis.

- Risk identification, the open currency position and the degree of its exposure are determined; report



- Quantitative assessment of the foreign exchange risk;
- Limitation, i.e. setting limits for the amount of risk for a particular currency;
- Hedging that implies opening a position that is opposite to the original one;
- Diversification, i.e. the allocation of assets and liabilities by various components, both at the level of instruments and by their elements.

Based on the analysis of foreign exchange risk:

- A relative indicator of the maximum open currency position of ICBC Bank (JSC) is set (limitation of the open currency position),

- A relative indicator of the maximum open currency position is set for each of the foreign currencies.

1.2. The equity risk means a risk of financial loss under financial instruments that are sensitive to changes in the fair value of equity securities.

The tool for making management decisions in the area of equity risk used by Bank ICBC (JSC) is its assessment by the delta normal method (VAR) for equity financial instruments included in the trading portfolio. When measuring the equity risk, the degree of possible change in the price of an equity financial instrument in a given period of time is assessed.

The basic equity risk management methods applied by Bank ICBC (JSC) are:

- Setting limits for issuers of equity financial instruments;
- Setting limits for transactions with equity financial instruments;
- Setting dealer limits for the purchase or sale of equity financial instruments;
- Setting stop loss limits for equity financial instruments.

1.3. The interest rate risk of the business book means a risk of loss due to adverse changes in the interest rates of the business book instruments and the trading portfolio of debt securities and derivative financial instruments.

The tool for making management decisions in the area of interest rate risk of the business book used by Bank ICBC (JSC) is its assessment by the delta normal method (VAR) for debt financial instruments included in the trading portfolio and derivative financial instruments.

The basic methods of managing the interest rate risk of the business book applied by Bank ICBC (JSC) are:

- Setting limits for issuers of debt financial instruments;
- Setting limits for transactions with debt financial instruments;
- Setting dealer limits for the purchase or sale of debt financial instruments;
- Setting stop loss limits for debt financial instruments.

1.4. The commodity risk means a risk of commodities, including precious metals (except for gold) and derivative financial instruments that are sensitive to changes in commodity prices.

The tool for making management decisions in the area of commodity risk applied by Bank ICBC (JSC) is its assessment by the delta normal method for financial instruments denominated in commodities and precious metals (except for gold).

The basic commodity risk management methods applied by Bank ICBC (JSC) are:

- Setting limits for certain groups of commodities and precious metals;
- Setting dealer limits for the purchase or sale of commodities and precious metals;
- Setting stop loss limits for groups of commodities and precious metals.

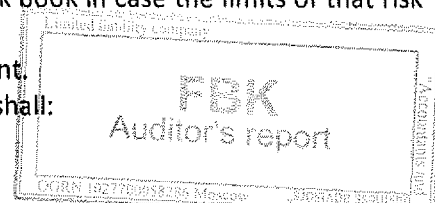
2. The interest rate risk of the Bank book is a risk of deterioration of financial state of Bank ICBC (JSC) due to the decrease in capital, income level, asset value due to the change in interest rates on the market.

For the purposes of assessing and analysing the interest rate risk of the Bank book, Bank ICBC (JSC) applies the duration method and the GAP analysis with the use of VAR (Value At Risk) by means of the delta normal approach.

Bank ICBC (JSC) applies the following approaches (standards) for managing the interest rate risk of the Bank book:

- Allocation of powers and responsibilities among the management bodies of ICBC Bank (JSC);
- Determining rules and procedures for managing the interest rate risk of the Bank book;
- Taking measures to limit and minimize the interest rate risk of the Bank book in case the limits of that risk are exceeded;

- Arranging for the internal control over the interest rate risk management.
The system for measuring the Bank's interest rate risk of the bank book shall:



- Cover all materially significant sources of interest rate risk related to the Bank's operations, in particular, to off-balance sheet financial instruments;
- Use generally accepted financial concepts and methods of risk measurement;
- Identify occurrence of the Bank's extreme exposure to risk (risk concentration);
- Provide methodological support and documentation for risk measurement procedures.

Interest rate risk management shall include management of the Bank's assets and liabilities. But the scope of such management is limited by liquidity requirements and the credit risk of asset portfolio, the specific set and amount of debt instruments that the Bank may offer to creditors and depositors and by price competition created by other financial institutions. After the Bank's position concerning revaluation is identified, balance sheet structuring may be aimed at reducing the gap to the level close to zero, so that the Bank could be protected from the effect of interest rate fluctuations, or at arranging the revaluation structure in such a way that allows receiving of additional profit derived from estimated change of interest rates.

3. The liquidity risk is a risk of losses resulting from the Bank's failure to ensure complete performance of its obligations.

The Bank manages liquidity pursuant to the following major principles:

- Liquidity management is carried out daily and in an ongoing way;
- The methods and tools used to measure liquidity risk shall be in compliance with the regulatory documents of the Bank of Russia, the risk management strategy, the ICBC head bank's practices;

The Bank shall ensure clear separation of liquidity management powers and responsibility between the management bodies and subdivisions;

- Limits shall be set to ensure proper liquidity level in view of the size and nature of the Bank's business and its financial condition;

- When taking decisions, the Bank shall resolve the conflict between liquidity and profitability in favour of liquidity;

- Each transaction affecting the liquidity level shall be taken into account when liquidity risk is measured. When investing assets in various financial instruments the Bank shall consider carefully the maturity of the source of funds and its volume;

- The major transactions being made shall be checked preliminarily for conformity with the current liquidity situation and the established limits;

- Planning of liquidity needs shall be carried out.

The following factors may contribute to growth of liquidity risk:

- Loss of confidence in the banking system in general and/or in the Bank in particular;
- Dependent position in terms of sourcing deposits from one market or a small number of partners;
- Excessive short-term borrowing or long-term lending.

The Bank's liquidity needs may be considered with regard to demand and supply. The following are the sources of liquidity supply:

- Deposit sourcing, receipt of monetary funds to the clients' accounts;
- Repayment of previously raised loans by the borrowers;
- Sale of assets;
- Raising of funds on the money market;
- Income received.

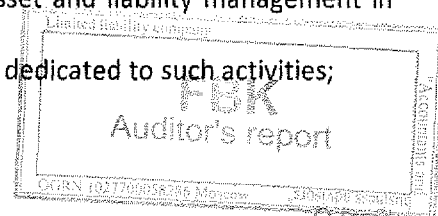
The sources of demand for liquidity are as follows:

- Withdrawal of money from the clients' deposits (current accounts);
- Requests for loans obtaining;
- Payment of bank expenses;
- Payment of dividends to shareholders.

The ratio between demand and supply sources shall determine the net liquidity position (excess or lack of liquidity) at any specific time. This position shall be calculated daily to allow planning of future needs or possible release of funds.

The Bank shall establish the following requirements to organization of asset and liability management in terms of liquidity management:

- Liquidity management shall be carried out by subdivisions and employees dedicated to such activities;
- Liquidity management is carried out daily and in an ongoing way;



- Liquidity management shall be carried out based on analysis of cash flows in view of actual term of asset disposal, term of claiming and maturity dates established for liabilities;
- Information on upcoming crediting or withdrawal of monetary funds from structural subdivisions shall be transferred immediately;
- Planning of liquidity needs shall be carried out;
- The measures for resource restructuring shall be developed and taken in case of lack of liquidity;
- The measures to restore liquidity shall be developed and taken in case of extraordinary events;
- Stress testing shall be carried out.

The main components of liquidity risk to be regulated are immediate liquidity, current liquidity and long-term liquidity.

4. The concentration risk is a risk arising due to the Bank's exposure to major risks, the occurrence of which may lead to material losses that may threaten the credit institution's solvency and its ability to continue its operation.

To identify and measure the concentration risk the Bank shall establish the system of indicators helping to identify concentration risk in respect to significant risks, certain major counterparties (groups of related counterparties) of the Bank and persons (groups of persons) related to the Bank, economy sectors, geographical areas, etc. According to this system of indicators the risk management service shall prepare proposals at least once a year concerning alert levels and maximum values (limits) violation of which shall be prohibited.

5. The operating risk is a risk of losses caused by unreliability and defects of the Bank's internal management procedures, failure of information system and other systems or impact of external events on the Bank's operation. The legal risk shall be a part of the operating risk.

Operating risks are detected through analysis of all operation conditions of Bank ICBC (JSC) for available or possible operating risks factors; it is performed at several levels:

- Analysis of general changes in the financial environment (e.g. implementation of new technologies or financial innovations) that can influence performance of Bank ICBC (JSC);
- Analysis of exposure of certain fields of the Bank's activity to operating risks in view of its priorities (preparing a "risk profile");
- Analysis of changes (increase or reduction) in the number and amounts of the monetary funds paid by the Bank based on rulings (decisions) of courts, decisions of bodies authorized in compliance with the legislation of the Russian Federation as well as the ratio between the number of lawsuits and amounts under the lawsuits paid by the Bank and in favour of the Bank;
- Analysis of cases when enforcement actions have been taken in respect of the Bank by regulatory and supervisory bodies, the dynamics of use of the stated enforcement actions;
- Analysis of internal procedures, including the system of reporting and sharing information.

In the course of operating risk identification special attention shall be paid to overlapping of powers and responsibility of the Bank's subdivisions, employees.

Monitoring of operating risks helps to create a database of events (circumstances) entailing:

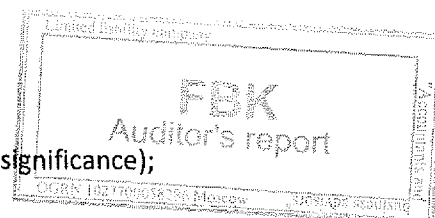
- Direct losses or increase in costs;
- Damage to business reputation;
- Loss of control over the activities;

As well as further analysis of each occurrence of the events (circumstances) including identification of their nature and description of causes that have led to realization of operating risk in a specific situation. The database of operating losses is created and maintained by the risk management service.

6. The reputational risk is a risk of financial losses caused by decrease in the number of customers due to forming of a negative public perception of the Bank's financial stability, quality of its services and/or nature of its activities in general.

The Bank's business reputation components are as follows:

- Confidence in the Bank;
- Reputation of the Bank's top officials;
- Social attitude;
- Quality of services;
- The personnel's attitude to customers;
- Advertising policy;
- Relations with the government, influential customers (customers of social significance);



- Geographic reach of the Bank (operation of regional branches, proximity and accessibility of offices).
Reputation risk is managed in the Bank through the following measures:

- The Bank has a clear vision of its future and its market position (in accordance with the development strategy);

- The Bank has developed the procedures for official, consistent and timely consideration of the customers' complaints and applies these procedures;

- The Bank has developed the customer service standards and regulations; all employees observe the professional ethics regulations;

- The Bank has arranged the system for management of the major banking risks including ongoing monitoring of the customer operations to prevent and counteract money laundering according to Federal Law No. 115-ФЗ "On counteracting money laundering and financial support of terrorism";

- The Bank ensures transparency of its information: it has its regularly updated website and uses other opportunities provided by the mass media.

Minimization of operating risk implies using a set of measures aimed at reducing the probability of events or circumstances leading to operating losses and/or at decreasing (restricting) potential operating loss amounts.

The main method to minimize the operating risk controlled at the level of the Bank in general is to develop the organizational structure, internal rules and procedures for banking operations and other transactions in such a way that occurrence of operating risk factors is avoided (minimized). In this regard special attention shall be paid to observance of the separation of powers principle, compliance with the procedure for approval (agreement) and accountability in respect of the banking operations and other transactions.

Development of systems for banking technology automation and data protection also helps to achieve considerable reduction of operating risk.

Decrease in the level of certain types of operating risk is achieved by transfer of the risk or a part thereof to third parties. The decision on use of the risk transfer mechanism (for instance, by outsourcing) shall be taken according to the results of thorough analysis and in view of the expected effect, cost and possible transformation of one type of the risk into another. In this regard the Bank still has the chance to monitor the exposure to the transferred operating risk along with monitoring of the remaining risk level.

Financial implications of operating risk may also be mitigated through insurance. Insurance may be used in particular in respect of specific banking risks both on a comprehensive basis (a comprehensive banking insurance certificate) and with regard to certain types of risks (for instance, insurance against risks related to issue and usage of payment cards, insurance of the employees' professional liability, insurance against damage caused by computer information crimes). Reasonability of insurance is assessed by the Bank in view of the cost of insurance and the probability of occurrence and effect of the insured event on its financial condition.

To limit operating risk, the Bank provides for a comprehensive system of measures to ensure continuous financial and operational activities in the course of banking operations and other transactions, including action plans for unforeseen circumstances (plans ensuring continuity and/or restoration of financial and operational activities).

7. The country risk is a risk of the Bank's losses resulting from impact of the following factors:

- Failure of foreign counterparties (legal entities or individuals) to perform the obligations due to economic changes on the market;

- Failure of foreign counterparties (legal entities or individuals) to perform the obligations due to political changes on the market;

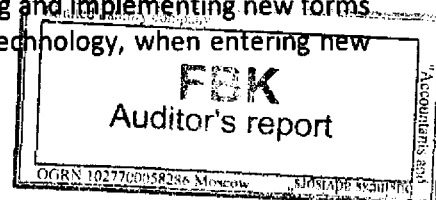
- Failure of foreign counterparties (legal entities or individuals) to perform the obligations due to social and legal changes on the market;

- Failure of foreign counterparties (legal entities and individuals) to perform their obligations due to non-availability of the currency of a pecuniary liability resulting from special aspects of national legislation;

- Violation of rules, procedures, tariffs by the Bank's customers and counterparties for reasons stated above;

- Location of the Bank's subdivisions, subsidiaries and affiliates, customers and counterparties in jurisdictions of different states having different legislation.

- The Bank's inability to bring its internal documents and rules into compliance with changes in the conditions of its operation in good time: when providing exchange banking services, developing and implementing new forms and conditions of banking operations and transactions, financial innovation and technology, when entering new markets (in terms of services, currencies and territories (countries)).



To identify and assess the signs of country risk the Bank applies ratings assigned by Moody's (Moody's Investors Service), S&P (Standard and Poor's Financial Services LLC) and Fitch (Fitch Ratings Inc.); changes in these ratings in each case mean changes in the country risk level.

For the purpose of limiting the country risk's influence on Bank ICBC (JSC), the country limits are established which are confirmed by the head bank of ICBC group specifically for each country, with the residents of which Bank ICBC (JSC) is going to cooperate.

8. The strategic risk is a risk of unfavourable changes in the activity results of Bank ICBC (JSC) due to erroneous decisions made in the course of the Bank's management, including during preparation, approval and implementation of the Bank ICBC (JSC) development strategy, inappropriate performance of the decisions made, as well as inability of the Bank's management bodies to take into account changes in external factors.

When developing the strategic risk management procedures, Bank ICBC (JSC) shall take into account the following sources of such risk:

- Mistakes made when adopting the decisions determining the activity and development strategy of Bank ICBC (JSC), unsatisfactory strategic management of the Bank, including lack of consideration of possible hazards that can threaten the Bank's activity;

- Wrong determination of promising activity directions, in which Bank ICBC (JSC) can achieve a competitive advantage;

- Full or partial absence of the appropriate management decisions that can ensure achievement of the Bank ICBC (JSC) strategic goals;

- Full or partial absence of necessary resources, including financial, material and equipment to achieve the Bank ICBC (JSC) strategic goals.

To assess the strategic risk level, the system of threshold values (established limits) shall be determined according to the set of indicators used by Bank ICBC (JSC) pursuant to the developed internal documentation.

9.3. Information on types and degree of concentration risks associated with various banking operations with a breakdown by geographical area, currency, borrower type and types of their business, markets, as well as description of concentration risk assessment methods.

The Bank's policy and procedures include specific principles aimed at maintenance of diversified portfolios and concentration risk management. In the third quarter, the Board of Directors of Bank ICBC (JSC) adopted (minutes No. 07-17 dated September 22, 2017) the new regulation "On procedure for concentration risk management" that controls concentration risk, determines the system of indicators that allow to reveal concentration risk in relation to significant risks, certain major counterparties (group of related counterparties) of Bank ICBC (JSC) and persons (groups of persons) related to Bank ICBC (JSC), economy sectors, geographical areas, etc.

During the reporting period of 2017 the Bank used the following methods to manage risk of excessive business concentration:

- Daily monitoring and control of operations, subject to observance of the mandatory ratios established by the Central Bank of Russia to restrict excessive concentration risk (H6, H7, H25 and other);

- Calculation of concentration ratios in accordance with the internal methodology;

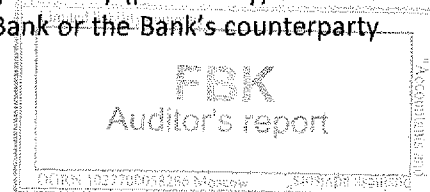
- Monitoring of macroeconomic indicators in Russia (including industry-specific and regional indicators);

- Analysis of segmentation of the Bank's assets and liabilities in accordance with the established segmentation criteria;

- Diversification analysis of deposit portfolio, credit and interbank lending portfolios, including dependence of such portfolios on key clients and customers.

Concentration of risks by geographical area

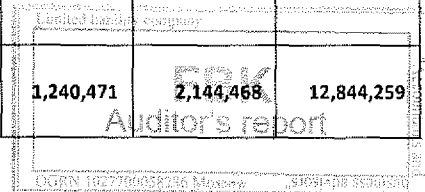
Concentration risk by regions of the Bank's presence shall be understood a possibility (probability) of losses occurring as a result of unfavourable economic changes in the region where the Bank or the Bank's counterparty operates.



In the reporting period regional concentration risk management included identification and analysis of research data and analytical information related to the risks of the regions where the Bank's large counterparties and issuers of debt securities were present.

The table below presents information about concentration risk level of the Bank's assets and liabilities by geographical areas, according to the data included in the reporting form No. 0409806 "the Balance Sheet Statement (a public disclosure form)". The information is given separately for the Russian Federation, for the OECD countries, for the CIS and other countries. A separate disclosure is made for the People's Republic of China.

Types of assets and liabilities	Volume of assets and liabilities as of January 01, 2018, thb rubles				Volume of assets and liabilities as of January 01, 2017, thb rubles			
	Russian Fed- eration	OECD	Other countries	China	Russian Fed- eration	OECD	Other coun- tries	China
Cash	30,275	-	-	-	99,124	-	-	-
Cash of credit institutions with the Central Bank of Russia, to- tal	3,927,345	-	-	-	3,393,383	-	-	-
<i>including:</i> <i>Required reserves</i>	348,760	-	-	-	425,045	-	-	-
Funds due from credit institu- tions	40,530	187,084	1,754	2,066,108	32,722	4,969,325	1,269,503	494,533
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	4,294
Net loans receivable	30,763,586	1,552,929	1,161,969	3,372,471	26,519,851	3,415,689	436,063	7,515,971
Net investments in securities held to maturity	4,001,978	-	-	1,094,565	630,638	-	-	1,088,401
Current income tax claims	31,341	-	-	-	39,678	-	-	-
Fixed assets, intangible assets and inventories	105,377	-	-	-	58,859	-	-	-
Other assets	163,204	4,181	3,801	9,167	89,870	882	3,777	54,162
Total assets	39,063,636	1,744,194	1,167,524	6,542,311	30,864,125	8,385,896	1,709,343	9,157,361
Funds due to credit institutions	3,682,976	1,155,100	1,920,262	6,006,682	4,441,029	1,239,159	1,871,945	11,984,112
Funds due to customers other than credit institutions	20,482,844	-	33,458	893,821	23,524,885	7	121,406	839,980
<i>Including deposits (funds) of in- dividuals and sole proprietors</i>	-	-	-	100	4,196	-	-	-
Financial liabilities with fair value through profit or loss	-	-	-	-	-	1,305	-	-
Current income tax liabilities	5,170	-	-	-	26,616	-	-	-
Deferred tax liability	-	-	-	-	-	-	-	-
Other liabilities	255,670	7,748	224,862	14,887	90,579	-	151,117	20,167
Provisions for possible losses on credit-related contingencies and other possible losses on operations with offshore zone residents	10,000	9,568	-	-	717	-	-	-
Total liabilities	24,436,660	1,172,416	2,178,582	6,915,390	28,083,826	1,240,471	2,144,468	12,844,259



Concentration of risks by currency

In the reporting period concentration of risk by currency was managed by means of diversification of the Bank's portfolios by keeping open positions in various currencies and risk reduction achieved by maintenance of open positions of minimum size.

Bank ICBC (JSC) performs operations in five currencies (US dollars, euro, Chinese yuans, Singapore dollars and Hong Kong dollars). The major scope of operations is performed by the Bank in the following currencies: US dollars and Chinese yuans. The scope of operations in other currencies is insignificant.

Credit risk

Credit risk shall mean a risk of losses which may be incurred by the Bank due to a debtor's failure to perform or any delay in performance or improper performance of its financial liabilities to the Bank as provided for by terms and conditions of any relevant agreement. The Bank's risk management system provides for the following:

- Diversification of the Bank's loans and advances and investment portfolio;

- Preliminary assessment of a borrower's creditworthiness (i.e. the Bank validates the borrower's credit history and examines its reputation. Besides, the borrower's business is analysed and its ability to repay the debt is assessed (including analysis of the loan collateral and other related factors) preliminary classification of loans and any similar indebtedness in accordance with the regulatory documents of the Central Bank of Russia;

- Determination of authority limits of the Bank's collective bodies and officers;

- Specification of the maximum allowed level of credit risks;

- Control over loans issued previously;

- Determination of exposure limits and establishment of impairment provisions comparable in size with potential losses which may be eventually incurred as a result of any respective transaction.

For credit risk measurement, assessment of financial condition of borrowers and calculation of the maximum allowed credit risks assumed for each borrower (a group of borrowers) the Bank established a separate structural subdivision, Department for analysis of credit limits and operations. To manage credit risk the Bank has established the Credit Committee, which is responsible for consideration and approval of credit limits for borrowers and the level of assumed credit risk. The Credit Committee meetings are held on a regular basis.

The methodological and practical approaches employed in the process of credit risk assessment are described in more detail in the Bank's internal documents governing asset-side banking operations carried out by the Bank. Credit risks are measured by the Bank on all loans and their equivalents at the time when a particular transaction is performed, and later on a regular basis.

The credit risks are mitigated by employing a strictly regulated approach when making lending transactions. The credit risk management procedure shall include the following:

- Application of lending standards and formalized procedures at the time of decision making regarding any relevant loan issue or otherwise (i.e., assessment of collateral liquidity, evaluation of a borrower's/ counterparty's financial standing, as well as of the risk level), executing respective documents and loan disbursement;

- Continuous monitoring of the loan indebtedness;

- Establishment of loan loss provisions as provided for by the regulations of the Central Bank of Russia;

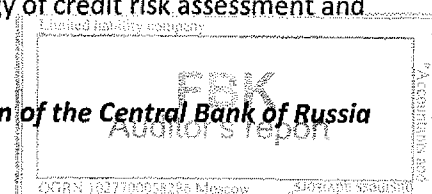
- Compliance with mandatory ratios required by the Central Bank of Russia, such as ratio (H6) of the maximum risk exposure per borrower or a group of related borrowers; ratio (H7) of the maximum large credit exposure; ratio (H9.1) of the maximum value of loans, guarantees or sureties issued by the bank to its shareholders; ratio (H10.1) of the aggregate insider risk; ratio (H12) of the bank's equity capital used for purchasing shares of other legal entities; and also ratio (H25) of the maximum risk size for related parties of the Bank.

The Bank's system for monitoring of loans and their equivalents allows a timely identification of problem assets and facilitates taking immediate measures aimed at credit risk mitigation.

The Bank regularly monitors credit risk. The Risk Committee members receive reports on credit risks at least quarterly.

During the reporting period there were no changes in the Bank's methodology of credit risk assessment and control.

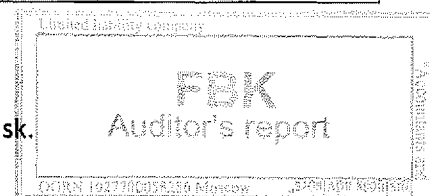
Classification of assets by group of risk according to clause 2.3 of Instruction of the Central Bank of Russia dated June 28, 2017 No. 180-N "On Mandatory Ratios for Banks"



	As of January 01, 2018	As of January 01, 2017
Assets exposed to risk and reported in the balance sheet accounts, Total, including:	34,230,356	35,422,186
of which:		
Assets of the 1st risk group (with 0% risk ratio)	6,437,456	3,771,568
Provisions for assets of the 1st risk group	-	-
Credit risk for assets of the 1st risk group	-	-
Assets of the 2nd risk group (with 20% risk ratio)	9,927,920	15,233,326
Provisions for assets of the 2nd risk group	-	-
Credit risk for assets of the 2nd risk group	1,985,584	3,046,665
Assets of the 3rd risk group (with 50% risk ratio)	4,901,470	8,441,661
Provisions for assets of the 3rd risk group	-	-
Credit risk for assets of the 3rd risk group	2,450,736	4,220,831
Assets of the 4th risk group (with 100% risk ratio)	12,963,510	7,975,630
Provisions for assets of the 4th risk group	(59,386)	(59,058)
Credit risk for assets of the 4th risk group	12,904,124	7,916,572
Total credit risk for the assets reported in the balance sheet accounts	17,340,444	15,184,068
Credit risk on assets with decreased risk coefficient (claims of clearing participants)	2,008	199,731
Assets with increased risk ratios (110%, 130%, 150%, 250%, 1000%)	14,285,443	12,733,839
Provisions for assets with increased risk ratios (110%, 130%, 150%, 250%, 1000%)	(258,973)	(194,118)
Credit risk for assets with increased risk ratios	14,805,348	12,013,508
Total credit risk for the assets reported in the balance sheet accounts (including assets with increased risk ratios)	32,147,800	27,397,307
Credit-related contingencies, total, of which:	10,443,433	7,736,639
Credit-related contingencies without risk	1,310,728	1,290,000
Credit-related contingencies with low risk	-	70,000
Credit-related contingencies with medium risk	3,785,001	3,281,479
Credit-related contingencies with high risk	5,347,704	3,095,160
Provisions for credit-related contingencies	(19,568)	(717)
Credit risk for credit-related contingencies	7,493,539	4,990,970
Term transactions and derivative financial instruments	-	22,951
Provisions for term transactions and derivative financial instruments	-	-
Credit risk on term transactions and derivative financial instruments	-	29,836

On volumes and maturities of overdue and restructured debts

Size of overdue debts is one of the indicators showing exposure of assets to risk.



An asset is deemed as overdue in full if payment term established by the agreement is violated at least in respect to one payment of the principal debt and/or interest.

As of January 01, 2018, according to the data of reporting form No. 0409115, the overdue loan indebtedness and assets amounted to 649,398 ths rubles and had the following parameters (the Statements shall specify the total volume of assets with the maximum period of delay in overdue payments as of the moment of preparation of the Statements):

No.	Composition of overdue assets	Total overdue indebtedness	Overdue indebtedness by dates				Potential loss reserve
			Up to 30 days	From 31 to 90 days	From 91 to 180 days	Over 181 days	
1	Claims to credit institutions, total, including:	649,627	649,398	0	0	229	13,217
1.1	Other claims in relation to banks	640,231	640,002	0	0	229	13,029
1.2	Claims for interest income under claims to credit institutions	9,396	9,396	0	0	0	188
2	Claims to legal entities (except for credit institutions), total, including:	149	0	0	0	149	149
2.1	Other claims	149	0	0	0	149	149
TOTAL:		649,776	649,398	0	0	378	13,366

Overdue indebtedness as of January 01, 2017 is shown in the table below:

No.	Composition of overdue assets	Total overdue indebtedness	Overdue indebtedness by dates				Potential loss reserve
			Up to 30 days	From 31 to 90 days	From 91 to 180 days	Over 181 days	
1	Claims to credit institutions, total, including:	242	240	0	0	2	122
1.1	Other claims in relation to banks	242	240	0	0	2	122
2	Claims to legal entities (except for credit institutions), total, including:	605	0	0	21	584	605
2.1	Other claims	605	0	0	21	584	605
TOTAL:		847	240	0	21	586	827

Information about percentage in the loan and overdue indebtedness in the total volume of assets is shown in the table below:



	As of January 01, 2018	As of January 01, 2017
Loans classified as per subpar.3.14.3 of par.3.14 of Regulation No. 590-П of the Central Bank of Russia, total (according to the data of reporting form No. 0409115, line 4.1.2)	9,561,633	5,891,805
Percentage in the total volume of the assets evaluated for creation of a provision (according to the data of reporting form No. 0409115)	21.51%	12.60%
Loans classified as per subpar.3.12.3 of par.3.12 of Regulation No. 590-П of the Central Bank of Russia, total (according to the data of reporting form No. 0409115, line 4.1.3)	987,432	2,426,276
Percentage in the total volume of the assets evaluated for creation of a provision (according to the data of reporting form No. 0409115)	2.22%	5.19%
Overdue indebtedness	649,776	-
Percentage of overdue indebtedness in the total volume of the assets evaluated for creation of a provision (according to the data of reporting form No. 409115)	1.46%	-

On results of assets classification by quality category and on target and actual provisions size for possible losses

Classification of assets by quality category (according to the data of reporting form No. 0409115) is provided

	Balance as of January 01, 2018	Target provision	Actual provision	Balance as of January 01, 2017	Target provision	Actual provision
1 category	35,933,907	-	-	39,896,775	-	-
2 category	7,679,281	157,537	158,586	6,848,668	237,421	229,438
3 category	783,424	207,132	117,779	240	120	120
4 category	-	-	-	-	-	-
5 category	49,416	49,416	49,416	28,039	28,039	28,039
Total	44,446,028	414,085	325,781	46,773,722	265,580	257,597

below:

On the nature and value of collateral received

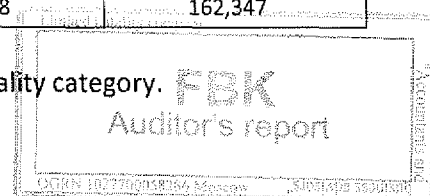
The type and value of collateral required by the Bank depends on evaluation of the counterparty's credit risk. The Bank has established principles to determine acceptable collateral types and their evaluation parameters.

Below is presented the list of collaterals received by the Bank:

	As of January 01, 2018 thb rubles	As of January 01, 2017 thb rubles
Surety (total):	356,904	4,941,381
Including accepted for reduction of the target provision:	-	-
Guarantees (total):	3,710,516	3,629,257
Including accepted for reduction of the target provision:	425,245	1,553,910
Security deposit (total):	382,558	162,347
Including accepted for reduction of the target provision:	382,558	162,347

The collateral received by the Bank is classified as the collateral of the 1st quality category.

FBK
Auditor's report



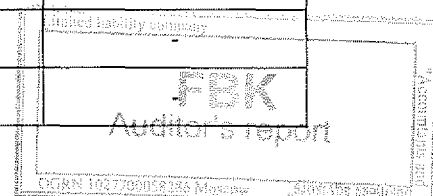
Security deposits accepted to decrease the provision are in compliance with clause 6.2.2 of Regulation of the Bank of Russian No. 590-П dated June 28, 2017 "On the Procedure of Establishment by Institutional Lenders of Provisions for Possible Losses on Loans and Loan Equivalents".

The guarantor on the collateral received (guarantees) that was also accepted for reduction of the provision is the parent bank ICBC Ltd. with the following long-term credit ratings: S&P at "A" and Moody's at "A1".

Information about the Bank's encumbered and non-encumbered assets

As of January 01, 2018, The Bank has no encumbered assets.

No.	Narrative	Book value of encumbered assets		Book value of unencumbered assets	
		Total	Including under liabilities to the Bank of Russia	Total	Including those qualified to be provided as a collateral to the Bank of Russia
1	2	3	4	5	6
1	Total assets, including:	-	-	48,517,666	1,264,870
2	Equity securities, total, including:	-	-	-	-
2.1	Of credit institutions	-	-	-	-
2.2	Of legal entities not being credit institutions	-	-	-	-
3	Debt securities, total, including:	-	-	4,849,984	1,264,870
3.1	Of credit institutions, total, including:	-	-	1,087,522	-
3.1.1	With long-term credit ratings	-	-	1,087,522	-
3.1.2	Without long-term credit ratings	-	-	-	-
3.2	Of legal entities not being credit institutions, total, including:	-	-	-	-
3.2.1	With long-term credit ratings	-	-	-	-
3.2.2	Without long-term credit ratings	-	-	-	-
4	Funds on correspondent accounts with credit institutions	-	-	5,284,515	-
5	Interbank credits (deposits)	-	-	6,549,678	-
6	Loans to legal entities other than credit institutions	-	-	10,802,771	-
7	Loans to individuals	-	-	-	-
8	Fixed assets	-	-	98,789	-
9	Other assets	-	-	226,933	-



Counterparty risk

The counterparty risk is a risk of a counterparty's default before settlements on the operations with the derivative financial instruments, repurchase transactions and similar transactions are completed.

The counterparty risk is managed using the limit systems for specific counterparties and counterparty groups depending on the operation types, risk level and operation urgency.

The Bank's Shareholder determines the limits of the Treasury employees' authority to perform operations on the financial market. The procedure for establishing, changing and controlling the limits for transactions with the credit institutions establishes the procedure for approving limits related to respective counterparties considering current risk appetite of the Bank, and establishes the procedures that control the counterparty's performance of the obligations. Therefore, the effective systems of limits and authorities allow optimizing the credit process and duly manage counterparty risk.

The operations with derivative financial instruments (hereinafter the "DFI") that bear credit risk are performed with the stock instruments and within the framework of separate counterparty agreements (out-of-stock DFI transactions).

When calculating the amount of credit risk on the derivative financial instruments, a methodology described in Appendix 3 of Instruction No.180-И dated June 28, 2017 of the Bank of Russia "On Mandatory Ratios for Banks" shall be used.

The Bank also assesses and identifies credit risk in relation to REPO transactions made on the out-of-stock market.

Assessment, identification and calculation of the cost of assets (credit claims and claims in relation to the accrued (accumulated) interest) that arose from the REPO agreements and defined as the financial agreements, included in the netting agreements considering the collateral, are made according to clause 2.6.1 of Instruction No.180-И dated June 28, 2017 of the Bank of Russia "On Mandatory Ratios for Bank".

Credit risk for DFI that is exposed to the EAD (exposure at default) risk on the out-of-stock derivative financial instruments includes current and potential credit risk.

Credit risk for DFI is determined as the sum of current and potential risk. Current credit risk is determined as the cost of the financial instrument replacement that reflects the amount of losses as of the reporting date in case the counterparty fails to perform its obligations. Potential credit risk is determined as the risk of non-performance of the counterparty's obligations in the period from the reporting date to the value date due to unfavourable change in the cost of the core asset.

The Bank does not have DFI transactions as of January 01, 2018.

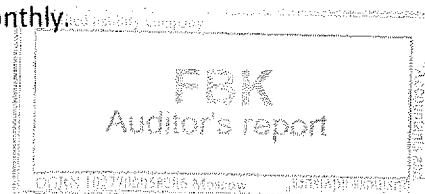
Market risk

For market risk management and control the Bank has approved the Regulations "On Market Risk Management" (approved by the resolution of the Board of Directors, minutes No. 12-16 dated December 28, 2016) and other internal documents governing procedures for conducting transactions exposed to market risk (i.e. equity, interest rate or foreign exchange risks). Besides, limits for market risk indicators and a limit for the aggregate level of market risk have been assigned.

During the reporting period of 2017, the Risk Management Service was regularly controlling the market risk in general and, in particular, its components.

As of January 01, 2018, the Bank did not have equity risk, commodity risk and interest rate risk of the business book due to absence of assets in the bank's balance sheet exposed to such risks.

For the purpose of controlling foreign currency risk, during the entire fourth quarter of 2017, the Bank was controlling open currency items and analysed influence of this risk on the equity and financial result of Bank ICBC (JSC). In accordance with the internal assessment model for the currency exchange risk, possible losses (VAR) per 1 day as of January 01, 2018 constituted 14.16 mln rubles, possible losses for 5 days constituted 31.65 mln rubles. The Bank regularly monitors market risk. The Board of Directors members receive reports on market risk at least quarterly and the Risk Committee members receive such reports at least monthly.



Interest rate risk of the Bank book

For the purpose of controlling and managing the interest rate risk of the bank portfolio, the Regulation "On procedure for managing the interest rate risk" was adopted in the Bank (approved by the decision of the Board of Directors, Minutes No.12-16 dated December 28, 2016), according to which this risk is assessed daily.

As of January 01, 2018, the interest rate risk ratio calculated based on the Basel Committee Recommendations (2004, 2016) using the GAP analysis method constituted 2.28 for the interval up to 1 year (see the table below, the numeric values are given in rubles).

Financial instruments	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 3 years	Over 3 years
Assets						
Funds due from credit institutions	10,711,485,709	4,562,307,507	2,962,934,204	1,728,164,699	19,532,126	0
Loans and their equivalents – customers	8,169,177,597	5,828,965,581	3,120,724,153	0	0	0
Investment securities held to maturity	0	686,385,831	18,542,262	19,886,788	3,336,684,965	1,035,042,747
Total assets	18,880,663,307	11,077,658,919	6,102,200,619	1,748,051,487	3,356,217,091	1,085,042,747
Total assets on a cumulative basis	18,880,663,307	29,958,322,225	36,060,522,844	37,808,574,331	41,164,791,422	42,199,834,169
Liabilities						
Funds due to credit institutions	1,249,924,340	120,960,420	2,880,010,000	0	1,768,994,000	0
Clients' funds	7,710,165,607	2,267,510,209	2,073,607,200	312,638,567	0	0
Debentures issued	0	0	0	0	0	0
Other borrowed funds	0	0	0	0	0	0
Total liabilities	8,960,089,947	2,388,470,629	4,953,617,200	312,638,567	1,768,994,000	0
Total liabilities on a cumulative basis	8,960,089,947	11,348,560,576	16,302,177,776	16,614,816,343	18,383,810,343	18,383,810,343
Gap	9,920,573,360	8,689,188,289	1,148,583,419	1,435,412,921	1,587,223,091	1,035,042,747
Gap on a cumulative basis	9,920,573,360	18,609,761,649	19,758,345,068	21,193,757,989	22,780,981,080	23,816,023,827
Gap coefficient	2.11	2.64	2.21	2.28	2.24	2.30

In accordance with the approved internal methodology, the reduction (growth) in interest rates is considered in this risk by the currency types according to the following table:

Scenario	CNY	EURO	HKD	RUB	SGD	USD
Parallel shifts in interest rates (in basic items)	250	200	200	400	150	200

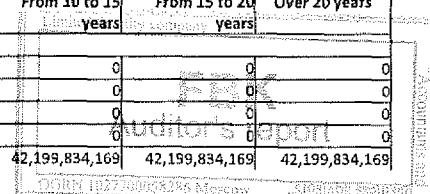
According to this scenario, possible change of economic (net) cost of Bank ICBC (JSC) (using the duration method) was calculated by each currency (shown in the table below, in rubles):

Financial instruments	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 2 years	From 2 to 3 years
Assets						
Funds due from credit institutions	10,711,485,709	4,562,307,507	2,962,934,204	1,728,164,699	19,532,126	0
Loans and their equivalents – customers	8,169,177,597	5,828,965,581	3,120,724,153	0	0	0
Investment securities held to maturity	0	686,385,831	18,542,262	19,886,788	1,805,405,128	1,531,279,838
Total assets	18,880,663,307	11,077,658,919	6,102,200,619	1,748,051,487	1,824,937,253	1,531,279,838
Total assets on a cumulative basis	18,880,663,307	29,958,322,225	36,060,522,844	37,808,574,331	39,633,511,585	41,164,791,422
Liabilities						
Funds due to credit institutions	1,249,924,340	120,960,420	2,880,010,000	0	1,768,994,000	0
Clients' funds	7,710,165,607	2,267,510,209	2,073,607,200	312,638,567	0	0
Debentures issued	0	0	0	0	0	0
Other borrowed funds	0	0	0	0	0	0
Total liabilities	8,960,089,947	2,388,470,629	4,953,617,200	312,638,567	1,768,994,000	0
Total liabilities on a cumulative basis	8,960,089,947	11,348,560,576	16,302,177,776	16,614,816,343	18,383,810,343	18,383,810,343
Gap	9,920,573,360	8,689,188,289	1,148,583,419	1,435,412,921	55,943,253	1,531,279,838
Gap on a cumulative basis	9,920,573,360	18,609,761,649	19,758,345,068	21,193,757,989	21,249,701,242	22,780,981,080
Gap coefficient	2.11	2.64	2.21	2.28	2.16	2.24

Capital (mln rubles) 16,633

	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 2 years	From 2 to 3 years
Modified duration	0.04	0.15	0.34	0.68	1.28	2.03
Weighted open items (mln rubles)	6.39	18.67	5.42	12.64	7.85	62.17
Change in economic value of the Bank (mln rubles)	222.19					

Financial instruments	From 3 to 4 years	From 4 to 5 years	From 5 to 7 years	From 7 to 10 years	From 10 to 15 years	From 15 to 20 years	Over 20 years
Assets							
Funds due from credit institutions	0	0	0	0	0	0	0
Loans and their equivalents – customers	0	0	0	0	0	0	0
Investment securities held to maturity	0	0	35,042,747	1,000,000,000	0	0	0
Total assets	0	0	35,042,747	1,000,000,000	0	0	0
Total assets on a cumulative basis	41,164,791,422	41,164,791,422	41,199,834,169	42,199,834,169	42,199,834,169	42,199,834,169	42,199,834,169



Liabilities							
Funds due to credit institutions	0	0	0	0	0	0	0
Clients' funds	0	0	0	0	0	0	0
Debentures issued	0	0	0	0	0	0	0
Other borrowed funds	0	0	0	0	0	0	0
Total liabilities	0	0	0	0	0	0	0
Total liabilities on a cumulative basis	18,383,810,343	18,383,810,343	18,383,810,343	18,383,810,343	18,383,810,343	18,383,810,343	18,383,810,343
Gap	0	0	35,042,747	1,000,000,000	0	0	0
Gap on a cumulative basis	22,780,981,080	22,780,981,080	22,816,023,827	23,816,023,827	23,816,023,827	23,816,023,827	23,816,023,827
Gap coefficient	2.24	2.24	2.24	2.30	2.30	2.30	2.30

Capital (mln rubles)

	From 3 to 4 years	From 4 to 5 years	From 5 to 7 years	From 7 to 10 years	From 10 to 15 years	From 15 to 20 years	Over 20 years
Modified duration	2.72	3.34	4.36	5.30	6.65	7.75	8.43
Weighted open items (mln rubles)	-	-	3.06	106.00	-	-	-
Change in economic value of the Bank (mln rubles)	Change in economic value of the Bank to Equity						1.34%

This calculation is based on the model recommended by the Basel Committee on Banking Supervision. Based on the estimated data, the interest rate risk absolute value of the Bank book as of January 01, 2018 amounts to 222.19 mln rubles (1.34% of the Bank's capital) that corresponds to the Basel Committee requirements and consists of interest rate risk of the Bank book in US dollars in the amount of 6.07 mln rubles, in rubles — 213.49 mln rubles, in Chinese yuan — 7.74 mln rubles, and in euro — 10.37 mln rubles. There were no interest-bearing assets and interest-based liabilities in Hong Kong dollars and Singapore dollars on the balance sheet of the Bank as of the reporting date.

To assess influence of interest rate risk of the Bank book on possible change of net interest income, ratios were calculated using the GAP analysis according to the Recommendations of the Basel Committee on Banking Supervision:

	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	TOTAL for the year
Time ratio	0.95833	0.83333	0.62500	0.25000	
Range of interest rate change	159.75	124.45	15.95	18.59	271.42
RUR	113.14	7X91	6.37	8.94	
USD	2X92	44.47	-	10.74	
EURO	4.82	0.06	28.98	0.10	
CNY	19.87	8.01	6.41	-	
HKD	-	-	-	-	
SGD	-	-	-	-	
Change of NII (mln rubles)	153.09	103.71	9.97	4.65	174.57
RUR	108.43	59.93	3.98	2.24	
USD	2X01	37.05	-	269	
EURO	4.62	0.05	18.11	0.02	
CNY	19.04	6.68	4.01	0.30	
HKD	-	-	-	-	
SGD	-	-	-	-	

Influence of interest rate of the Bank book on possible change of the net interest income constitutes 271.42 mln rubles and is mainly formed by the interest risk on rubles (174.57 mln rubles). There were no interest-bearing assets and interest-based liabilities in Hong Kong dollars and Singapore dollars on the balance sheet of the Bank as of the reporting date.

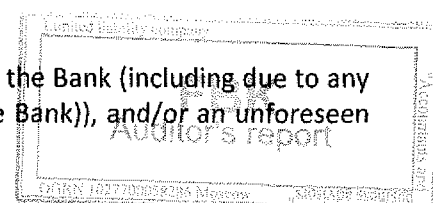
Bank ICBC (JSC) employs the following principal methods to manage interest rate risk of the bank portfolio:

- Assets and liabilities matching in terms of maturity;
- Interest rate monitoring, thus allowing the Bank to promptly adjust interest rates applicable to the raised / placed funds;
- Establishment of the limits in respect of this risk and their daily control;
- Daily assessment of interest rate risk of the bank portfolio by the Risk Management Service.

The Bank regularly monitors the interest rate risk of the bank portfolio. The Board of Directors members receive reports on market risk at least quarterly and the Risk Committee members receive such reports at least monthly.

Liquidity risk

Liquidity risk arises as a result of unbalanced financial assets and liabilities of the Bank (including due to any delay in performance of financial liabilities by one or several counterparties of the Bank)), and/or an unforeseen need for immediate and one-off discharge by the Bank of its financial liabilities.



Liquidity risk management comprises a set of measures to control- the Bank's observance of the mandatory ratios H2, H3, H4 and their dynamics; observation of structural fluctuations of assets and liabilities, identification of maturity gaps of assets and liabilities with calculation of the respective indicators of liquidity (GAP analysis); and measures on forecasting the Bank's cash flows (daily preparation of the payment calendar). Also the Bank regularly (once in half a year) conducts stress-tests of liquidity risk according to the scenarios developed by the Bank.

Liquidity is an essential factor of solvency. Liquidity risk is monitored on a daily basis by preparation of current and forward-looking reports on maturity gaps of assets and liabilities.

For an unexpected scenario, namely in case of a liquidity crisis, an action plan to restore liquidity has been designed in the Bank. The liquidity crisis plan lists events that can provoke the Bank's loss of liquidity, nominates collective bodies of the Bank in charge of implementation of measures on liquidity crisis elimination, such as the Risk Committee, the Management Board and/or the Asset and Liability Management Committee. The plan also prescribes measures on assets and liabilities management to resolve liquidity crisis, which is the basis of definition of duties and actions of the respective employees and subdivisions of the Bank.

The plan also comprises description of external and internal factors of liquidity crisis, a pattern of events occurrence of which characterizes liquidity crisis, and description of methods for recovery from liquidity crisis, with a set of measures assigned to the responsible subdivisions of the Bank and a nominated Management Board coordinator for each of such measures.

As of the last day of Q4 2017 the Bank had a considerable stock of liquid assets. The Bank's asset and liability structure as well as a net liquid position of the Bank were kept on a high level throughout the reporting period and there were no violations of the threshold liquidity deficit limits. The asset and liability structure of the Bank is presented in the table below in rubles.

	On demand and on 1 day	From 2 to 7 days	From 8 to 30 days	From 31 to 90 days	From 91 to 180 days	From 181 to 365 days	Over 365 days
Cash register	30,275,498	-	-	-	-	-	-
Correspondent accounts	5,871,831,279	-	-	-	-	-	-
Stock balance	10,051,366	-	-	-	-	-	-
IC	-	-	10,711,485,709	3,908,520,621	3,090,934,648	2,019,611,865	125,870,957
Loans	-	-	166,400,577	674,838,565	697,743,315	1,028,161,238	14,551,723,636
Securities	-	-	-	686,385,831	18,542,262	19,886,788	4,371,727,712
Accounts receivable	-	-	-	-	-	-	60,242,033
TOTAL ASSETS	5,912,158,143	-	10,877,886,287	5,269,745,017	3,807,220,225	3,067,659,891	19,109,564,339
Total accumulated assets	5,912,158,143	5,912,158,143	16,790,044,430	22,059,789,447	25,867,009,672	28,934,669,563	48,044,233,902
VOSTRO accounts	4,218,895,778	-	-	-	-	-	-
Liabilities on operations on formal securities market (FSM)	-	-	-	-	-	-	-
IC	-	-	97,920,340	120,960,420	-	-	5,801,008,000
Settlement accounts	2,737,379,649	-	-	-	-	-	-
Deposits	2,950,181,224	-	5,198,790,488	2,267,510,209	2,073,607,200	312,638,567	-
Accounts payable	1,344,515,844	-	-	-	-	-	-
TOTAL LIABILITIES	11,250,972,495	-	5,296,710,828	2,388,470,629	2,073,607,200	312,638,567	5,801,008,000
Total accumulated liabilities	11,250,972,495	11,250,972,495	16,547,683,323	18,936,153,952	21,009,761,152	21,322,399,719	27,123,407,719
Net gap	-5,338,814,352	0	5,581,175,459	2,881,274,387	1,733,613,025	2,755,021,324	13,308,556,339
Cumulative gap	-5,338,814,352	-5,338,814,352	242,361,107	3,123,635,495	4,857,248,520	7,612,269,844	20,920,826,183
Total accumulated liabilities	11,250,972,495	11,250,972,495	16,547,683,323	18,936,153,952	21,009,761,152	21,322,399,719	27,123,407,719
Cumulative GAP ratio	-47%	-47%	1%	16%	23%	36%	77%

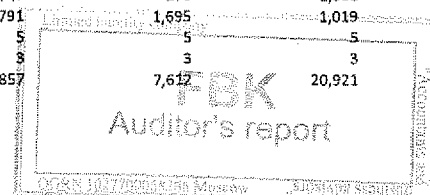
The cumulative structure of the Bank's balance sheet by currencies according to the remaining maturities as at the end of Q4 2017 is characterized by balanced foreign currency assets and foreign currency liabilities, with the maximum cumulative liquidity surplus is seen in rubles.

For the purpose of improving quality of the liquidity risk analysis and for more reasonable planning of the Bank's activity, the Risk Management Service also calculates stable balance in settlement accounts and vostro accounts and deduct them from total "on demand" liabilities.

Assets and liabilities gap for all currencies constitutes 20.92 bln rubles. The maximum cumulative liquidity surplus exists in rubles due to funds placed in IC, securities and correspondent accounts.

	On demand and on 1 day	On demand up to 7 days	On demand up to 30 days	On demand up to 90 days	On demand up to 180 days	On demand and up to 1 year	On demand over 1 year
RUR (810)	-1,915	-1,915	5,850	8,018	8,411	9,008	13,937
USD (840)	-1,049	-1,049	-4,905	-4,839	-4,606	-2,823	3,956
EURO (978)	-1,415	-1,415	-1,347	-1,341	-747	-276	2,001
CNY (156)	-968	-968	637	1,278	1,791	1,695	1,019
HKD (344)	5	5	5	5	5	5	5
SGD (702)	3	3	3	3	3	3	3
TOTAL	-5,339	-5,339	242	3,124	4,857	7,612	20,921

For stress testing of liquidity risk, three scenarios are considered:



1. Crisis scenario in Bank ICBC (JSC): Due to huge credit losses, rumours and/or scandals Bank ICBC (JSC) loses the counterparties' trust whose funds are the sources of funds for active operations, and as a result the Bank faces a serious insolvency problem. The following assumptions are made under the scenario:

- Crisis in Bank ICBC (JSC) is characterized by acute and strong shocks for a short period of time that are accompanied by the longstanding and significant funds outflows.

- It is assumed that such loss of the counterparties' trust will lead to sudden and significant funds outflow from the accounts of corporate, individual and institutional clients of Bank ICBC (JSC) during the short period of time. Issue of its own securities (promissory notes and deposit certificates) and unsecured funding are possible, however, the cost of funds attraction will grow due to the growth of the risk profile indicators of Bank ICBC (JSC), due to which the total scope of funding will reduce.

2. General market crisis scenario: an intensive and acute shortage of funding on the market during short period of time that prevents issue of new debt obligations and restricts access to unsecured interbank credit financing. Reduction of timeframes and scope of funding initially occurs due to closure of the long-term capital markets, and then short-term capital markets. The following assumptions are made under the scenario:

- Liquidity crises occur as a result of a sudden deficiency in funding sources leading to increase in the funding cost (i.e. influencing income). The counterparties are more sensitive to the bank's reputation and rumours on the financial market. The first stage of the liquidity crisis is characterized by the growth of the funding cost (due to spreads and increased requirements to security).

- At the second stage of the liquidity crisis, the market funding sources start closing for both individual banks and the whole bank system.

- At the third stage of the liquidity crisis, mass withdrawal of the population's funds occurs, the large-scale crisis spreads to the entire bank sector. Large corporate and retail clients (irrespective of the deposit insurance system) start withdrawing deposits allocated in Bank ICBC (JSC).

3. Combined scenario with the following assumptions:

- The combined scenario is based on the assumption of serious slowdown in the Chinese economy. The decrease in growth of gross domestic product is reflected in the reduction of demand from export markets, thereby, influencing the operations of trade financing and provision of bank guarantees. The problem in the real estate sector substantially influences the growth of problem assets (increase in NPL) for the Chinese state banks, such as ICBC group, it limits possibilities of the head bank of ICBC group to support subsidiary banks, including Bank ICBC (JSC);

- As a result of this stress scenario, Bank ICBC (JSC) considers combination of liquidity risk of the entire market and liquidity risk specific for Bank ICBC (JSC) taking into account possible global economy collapse in general (global financial crisis) and economy of China in particular (regional financial crisis);

- Combination of scenarios is characterized by the sharp severe crisis of liquidity of Bank ICBC (JSC) along with the crisis on the whole market.

Stress test results are regularly submitted to the Risk Committee members of the Bank for decision-making purposes regarding reallocation of assets/liabilities and/or their reduction/increase (also by the Bank's balance sheet groups) as well as to the Board of Directors. Based on the stress test result the Bank can decide about launching the liquidity restoration plan in case of extraordinary events.

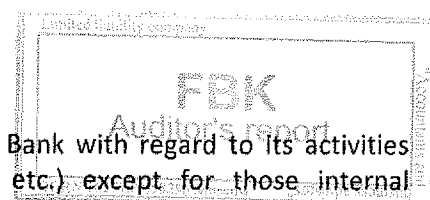
The Bank's management bodies and structural units participate in liquidity risk management in the following way:

Authority of the Board of Directors

- Ensures establishment of an organization structure of the Bank that would meet the main principles of banking risk management;
- Exercises control over completeness and regularity of checks performed by the Internal Audit Service regarding the Bank's compliance with the main risk management principles;
- Evaluates risk management efficiency;
- Controls activity of the Bank's executive bodies in risk management.

Authority of the Management Board

- Ensures general liquidity management in the Bank;
- Approves the maximum allowed liquidity deficit limits;
- Considers and reviews internal documents and amendments of the Bank with regard to its activities (regulations, procedures, rules, methodologies, tariff documents, etc.) except for those internal



documents that shall be approved by the Bank's shareholder and/or the Board of Directors, as set out in the Bank's Articles of Association.

- Approves a set of measures and actions required in case of a prolonged liquidity crisis, including action plans under unforeseen circumstances (plans of continued operation and/or restoration of the Bank's business and financial performance);
- Exercises control over completeness and regularity of reporting by the Internal Audit Service regarding level of the main banking risks.

Authority of the Bank's President (of the Chairman of the Management Board)

- Controls the current status of liquidity and its current management;
- Coordinates the Bank's subdivisions on the issues regarding asset/liability management based on the analysis of the Bank's gap of liquidity position;
- Coordinates the Bank's subdivisions on the issues regarding asset/liability management based on cash flow forecasting;
- Initiates proposals regarding changes in liquidity assessment indicators;
- Encourages and stimulates the Bank's employees based on their input in liquidity management, as well as performs disciplinary actions in respect of employees, if needed.

Authority of the Internal Audit Service of the Bank

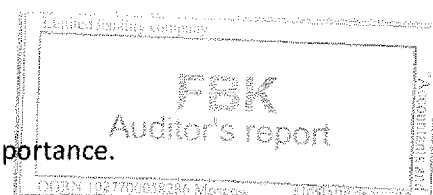
- Determines compliance of the actions and operations performed by the Bank's management and employees with the requirements of the effective legislation, regulatory acts, and Bank's internal documents that define the Bank's policy. The procedures for adopting and implementing the decisions, organizing accounting and reporting, including internal information about adopted decisions, operations (transactions) made, results of financial state analysis and bank activity risks;
- Exercises control over compliance with procedures regarding liquidity management;
- Participates in drafting internal documentation of the Bank to the end of checking its compliance with current legislation and regulatory requirements of the Central Bank of Russia.

Authority of the Asset and Liability Committee of the Bank

- Decides about changes in maturity structure of assets and liabilities;
- Identifies sources and limits to attract funds subject to particular maturity;
- Defines liquidity crisis indicators;
- Develops and submits for the Management Board approval measures to overcome liquidity crisis, controls implementation of such measures;
- Determines the moment when the liquidity crisis ceased to exist and when the Bank can return to its normal functioning regime;
- Coordinates actions of the Bank's subdivisions regarding development of internal documents and their amendments on the issues of liquidity management (regulations, procedures, rules, methodologies, tariff documents, etc.).

Authority of the Bank's Treasury

- Controls the set limits;
- Controls observance of the set liquidity ratios;
- Concludes transactions to regulate the Bank's liquidity;
- Weekly informs the Bank's Risk Management Service about planned disbursements/receipts of cash;
- Drafts recommendations upon maturity of asset-side transactions;
- Plans sale of liquid assets;
- Redrafting liabilities maturities for the periods where liquidity ratios are observed;
- Drafts recommendations when concluding liability-side transactions;
- Maintains appropriate level of securities free from any pledge;
- Initiates limit changes (decrease, increase, fixing and closure);
- Initiates increase/decrease of interest rates;
- Sets priority for execution of payments depending on their respective importance.



AUTHORITY of the Bank's Risk Management Service

- Collects and analyses information on liquidity in the Bank;
- Analyses instant, current and long-term liquidity;
- Analyses liquidity by applying the Bank's negative scenario;
- Controls over observance of the set maximum levels of liquidity surplus (deficit) ratio;
- Regularly compiles reports on liquidity risks and submits them the management bodies of the Bank;
- Initiates proposals regarding changes in liquidity assessment indicators;
- Drafts recommendations regarding restoration of liquidity.

Authority of the Bank's Department for accounting and reporting

- Daily informs the Bank's Treasury on planned disbursements/receipts of cash;
- Drafts recommendations on lower purchases of fixed assets, reduction of capital investments and other non-operating expenses;
- Plans sales of assets;
- Prepares and submits to the Central Bank of Russia of the monthly reporting form No. 0409125 "Information on assets and liabilities by maturity";
- The Back-office Unit daily submits credit portfolio data to the Department of financial reporting, Treasury and Risk Management Service of the Bank;
- Controls over observance of mandatory liquidity ratios within its competency and authority.

Authority of the Bank's Department for corporate business

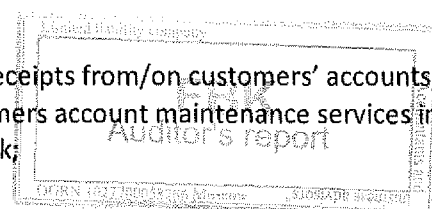
- Controls compliance with the set limits on loans and transactions by their maturity;
- Structures transactions subject to liquidity regulation requirements of the Bank and in line with the Bank's President directions;
- Daily informs the Bank's Treasury of planned loan repayments and disbursements/ receipts of cash under loan agreements and other transactions;
- Daily submits the data on the Bank's credit portfolio to the Department of financial reporting, the Treasury and Risk Management Service of the Bank;
- Controls observance of mandatory ratio H6 on loans and other transactions in the Department's/Division's competency;
- Takes measures regarding early loan repayments within the subdivision's competency;
- Initiates proposals regarding loan maturities for new loans;
- Initiates changes of interest rates and tariffs on loans and other transactions;
- Defines a list of customers for which lending should be ongoing/otherwise should be stopped.

Authority of the Bank's Department for international business

- Controls compliance with the set limits on loans and transactions by their maturity;
- Structures transactions subject to liquidity regulation requirements of the Bank and in line with the Bank's President directions;
- Daily informs the Bank's Treasury of planned loan repayments and disbursements/ receipts of cash under loan agreements and other transactions;
- Controls observance of mandatory ratio H6 on loans and other transactions in the Department's/Division's competency;
- Takes measures regarding early loan repayments within the subdivision's competency;
- Initiates proposals regarding loan maturities for new loans;
- Initiates changes of interest rates and tariffs on loans and other transactions;
- Defines a list of customers for which lending should be ongoing/otherwise should be stopped.

Authority of the Bank's Operation Department

- Daily informs the Bank's Treasury of planned cash disbursements/ receipts from/on customers' accounts;
- Suggests and evaluates opportunities for introduction of new customers account maintenance services in the Bank to stimulate keeping higher account balances with the Bank;



- Daily informs the Bank's Treasury of planned return of customers deposits and planned payments under deposit agreements and other transactions;
- Initiates changes of banking tariffs.

Control over compliance with policies and procedures on liquidity management is a risk management instrument based underpinned by the following principles: comprehensive internal control, broad coverage of all organizational subdivisions of the Bank by control procedures and a multi-level type of internal control. Control is executed at the following levels:

Level 1 (the lowest). Heads of the Bank's structural subdivisions:

- Monitoring of quantity indicators of set limits and liquidity ratios;
- Consistent control over employees of the structural subdivisions as to their fulfilment of respective procedures prescribed by banking standards and having an impact on liquidity;
- Control over implementation of measures preventing use of the Bank's infrastructure for money laundering and financial support of terrorism.

Level 2 (the medium level), Risk Management Service

- Monitoring and analysis of liquidity situation;
- Control over observance of liquidity ratios;
- Control over implementation of measures aimed at crisis situations in case of a short-term pressure of excessive risks on the Bank;
- Informing the Management Board and Internal Audit about a long-term deterioration of one or several liquidity parameters;
- Control over appropriate authority levels for decision making under normal functioning regime and in case of crisis events.

Level 3 (the highest). The Bank's Management Board:

- Non-acceptability of a long-term deterioration of one or several liquidity parameters;
- Control over comparability of status and size of certain business profitability risks of the Bank;
- Preventing use of the Bank's infrastructure for money laundering and financial support of terrorism;
- Preventing a long-term pressure of excessive risks on a particular business activity area of the Bank;
- Non-acceptance of a long-term disbalance of assets and liabilities of the Bank;
- Control over adequacy of banking risks (financial risks) management with regard to current circumstances and the Bank's development strategy;
- Winding-up (or significant downsizing of activity and functions) of banking subdivisions with inherent excessive banking risks.

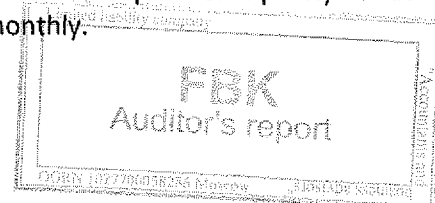
Level 4 (extraordinary), Board of Directors of the Bank

- Unacceptability of a simultaneous long-term negative pressure of several excessive risks on the Bank as a whole;
- Unacceptability of disproportionate increase (simultaneous) of risk size and higher return of the respective business activity of the Bank;
- General control over risk management system of the Bank.

Decisions made at one of the control levels of the risk management system (within its scope of authority) are obligatory for all lower control levels.

Internal Audit of the Bank performs periodic checks of the control system and organization of functioning of certain business activity areas of the Bank.

The Bank regularly monitors liquidity risk. The Board of Directors members receive reports on liquidity risk at least quarterly and the Risk Committee members receive such reports at least monthly.



Operating risk

Operating risk shall mean a risk of losses which may arise due to incompliance with the nature and scope of activity of a credit institution and (or) requirements of applicable legislation, internal rules and procedures regulating bank operations and other transactions, violation thereof by personnel of the credit institution and (or) by any other persons whatsoever (as a result of either intentional or unintentional actions or omissions), inadequacy (or insufficiency) of functional capabilities (or characteristics) of the information, engineering or of any other systems employed by the credit institution and (or) any failure (or malfunction) thereof or any other external event whatsoever.

Information on the operating risk size as of January 01, 2018 is presented below:

	2014	2015	2016
Net interest income	635,986	1,052,552	2,200,652
Net non-interest income	235,879	1,224,957	263,590
Income	871,865	2,277,509	2,464,242
Operating risk	280,681		

Information on the operating risk size as of January 01, 2017 is presented below:

	2013	2014	2015
Net interest income	371,966	635,986	1,052,552
Net non-interest income	106,988	235,879	1,224,957
Income	478,954	871,865	2,277,509
Operating risk	181,416		

The Bank exercises control over operating risks using its operating risk accounting system. The operating risk control is ensured by establishing an optimal structure of the Bank's business processes.

The Bank's operating risk management process comprises the following stages: identification, assessment, monitoring, control and/or mitigation of the operating risk.

For the operating risk mitigation purposes, the Bank performs regular audits in terms of compliance with information security requirements. Besides, the Bank's by-laws regulating bank operations are continuously adjusted, and the Bank continues working on optimization of information flows and internal document management system.

The Bank seeks to identify the operating risk on a regular basis. A dedicated analytic database is kept for this purpose specifying data on types and scope of losses by the Bank's business areas, as well as circumstances attached to such losses. The Bank also maintains an external operating risk data base that registers realized operating risks in the Bank's external environment.

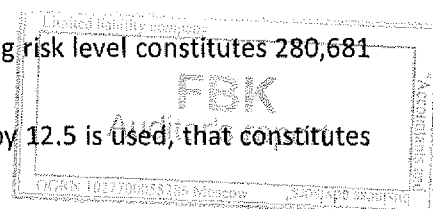
For the purpose of operating risk measurement, the Bank also applies the basic method for calculation of operating risk recommended by the Central Bank of Russia. Operating risk assessment presupposes calculation of the value of possible losses in case operating risk is realized.

The Bank regularly monitors operating risk. The Risk Committee members and the Board of Directors of Bank ICBC (JSC) receive reports on operating risk at least quarterly.

During the reporting period there were no changes in the Bank's methodology of operating risk assessment and control.

The minimum threshold requirement for capital to support current operating risk level constitutes 280,681 ths rubles as of January 1, 2018.

To calculate the capital adequacy ratio, the operating risk value multiplied by 12.5 is used, that constitutes 3,508,513 ths rubles as of January 01, 2018.



For the purpose of calculating the capital to cover the operating risk, the Bank uses the operating risk assessment methods established by the Bank of Russia.

10. Information on operations with related parties of the Bank

In course of its usual business activities the Bank performs operations with its principal shareholder. Such operations include making of settlements, granting of loans, raising of deposits, provision of guarantees, trade financing operations and operations with foreign currencies. In general, all operations of the Bank with the related parties are performed on the same terms and conditions that are applicable to operations with independent parties.

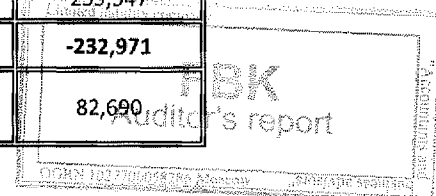
In the reporting period the Bank actively worked with its parent company, ICBC Ltd., including its branches and subsidiaries (hereinafter, the "related parties") on the interbank lending, trade finance and foreign currency markets.

The balances of operations with related parties as of the end of the reporting period are presented below:

	As of January 01, 2018 ths rubles	As of January 01, 2017 ths rubles
ASSETS		
<i>Funds due from credit institutions (NOSTRO) as of the beginning of the reporting period</i>	6,731,532	19,494,676
<i>Loans issued to related parties as of the beginning of the reporting period</i>	915,390	-
<i>Loans issued during 2017</i>	997,108	1,589,727
<i>Loans repaid during 2017</i>	1,912,498	674,337
<i>Loans issued to related parties as of the end of the reporting period</i>	-	915,390
<i>Funds due from credit institutions (NOSTRO) as of the end of the reporting period</i>	2,254,924	6,731,532
LIABILITIES		
<i>Funds due to credit institutions (VOSTRO) as of the beginning of the reporting period</i>	8,951,261	10,350,667
<i>Funds raised as of the beginning of the reporting period, total:</i>	5,991,631	9,259,035
<i>Including, subordinated loans</i>	3,032,845	3,644,135
<i>Funds raised during 2017</i>	7,149,511	28,846,102
<i>Funds repaid during 2017</i>	7,325,139	32,113,506
<i>Funds raised as of the end of the reporting period</i>	5,816,003	5,991,631
<i>Including, subordinated loans</i>	2,880,010	3,032,845
<i>Funds due to credit institutions (VOSTRO) as of the end of the reporting period</i>	3,111,672	8,951,261
OFF-BALANCE SHEET LIABILITIES AND COMMITMENTS		
<i>Guarantees received</i>	1,301,585	2,358,671
<i>Guarantees issued</i>	876,341	804,761

The table below presents income and expenses on operations with related parties:

	for 2017 ths rubles	for 2016 ths rubles
Interest income	22,356	26,576
Interest expense	203,595	259,547
Net interest income (expense)	-181,239	-232,971
Net income from foreign exchange operations	-764,647	82,690



	for 2017 ths rubles	for 2016 ths rubles
Fees and commissions income	5,842	2,065
Fees and commissions expenses	4,368	813
Operating expenses	-	203
Net income (expense) from related party operations	-944,402	-149,232

11. Information on the employee remuneration system of the Bank

The Bank has set up a Remuneration Committee that is a special body subordinate to the Bank's Board of Directors with a competency in organization, monitoring and control of the employee remuneration system.

As of January 01, 2018, the members of the Remuneration Committee are:

Cui Liang, the Chairman of the Remuneration Committee,

Hong Guilu, a member of the Remuneration Committee,

Wang Ying, a member of the Remuneration Committee

The Committee members are not entitled to particular remunerations.

The Bank's remuneration system applies to all the Bank's structural subdivisions, including a Supplementary office "GREENWOOD" and the Bank's branch in St. Petersburg.

The table below shows information about the number and categories of employees involved in assuming risks as of January 01, 2018.

No.	Position	Structural subdivision	Reason
Members of executive bodies			
1	President	Management team	Chairman of the Management Board
2	Vice President	Management team	Deputy Chairman of Board of Management
3	Vice President	Management team	Member of the Management Board
4	Chief Accountant	Management team	Member of the Management Board
Other employees			
1	Vice President	Management team	Chairman of the Credit Committee, Head supervising operating activity
2	Vice President	Management team	Head supervising subdivision in charge of purchase and sale of foreign currency in non-cash form, brokerage and dealing operations
3	Head	Treasury	Member of the Credit Committee with the right to vote, head of subdivision in charge of purchase and sale of foreign currency in non-cash form, brokerage and dealing operations
4	Deputy Head	Treasury	Deputy head supervising subdivision in charge of purchase and sale of foreign currency in non-cash form, brokerage and dealing operations
5	Head	Operation management	Head supervising subdivision in charge of purchase and sale of foreign currency in non-cash form.
6	Head	Department for corporate business	Member of the Credit Committee with the right to vote, head of subdivision in charge of allocation of

			funds on its behalf and at its expense, attraction of funds of individuals and legal entities in the Russian and foreign currency
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As of January 01, 2018, the total number of employees assuming risks is 10 persons, 6 of them are the Bank's key management personnel. In 2017, payments to the key management personnel amounted to 80,734 ths rubles, which equals to 17.8% in the total volume of emoluments paid to the Bank's employees.

The remuneration structure of the key management personnel for 2017 and 2016 is shown in the table below:

	for 2017		for 2016	
	Total payments, ths rubles	Share, %	Total payments, ths rubles	Share, %
Labour payment	61,679	76.4%	51,115	76.3%
Bonuses	16,743	20.7%	14,262	21.3%
Other payments	2,312	2.9%	1,617	2.4%
<i>Including taxes and payroll contributions</i>	<i>10,495</i>	<i>-</i>	<i>9,686</i>	<i>-</i>
TOTAL	80,734	100%	66,994	100%

The remuneration structure of other employees who assume risks for 2017 and 2016 is shown in the table below:

	for 2017		for 2016	
	Total payments	Share, %	Total payments	Share, %
Labour payment	10,192	85.3%	-	-
Bonuses	1,545	12.9%	-	-
Other payments	219	1.8%	-	-
<i>Including taxes and payroll contributions</i>	<i>1,554</i>	<i>-</i>	<i>-</i>	<i>-</i>
TOTAL	11,956	100%	-	-

Structural subdivisions of the Bank in charge of risk management

List of positions of the Bank's employees who manage risks as of January 01, 2018 is given in the table below.

No.	Position	Structural subdivision	Reason
1	Head	Internal audit	Head of the Internal Control Subdivision
2	Deputy Head	Internal audit	Deputy Head of the Internal Control Subdivision
3	Head	Financial Monitoring Service	Head of the Internal Control Subdivision
4	Deputy Head	Financial Monitoring Service	Deputy Head of the Internal Control Subdivision
5	Chief specialist	Financial Monitoring Service	Employee of the Internal Control Subdivision
6	Head	Internal Control Service	Head of the Internal Control Subdivision
7	Controller of the Professional Market Participant	Internal Control Service	Employee of the Internal Control Subdivision
8	Chief specialist	Internal Control Service	Employee of the Internal Control Subdivision
9	Head	Risk Management Service	Head of the subdivision identifying and assessing risks, establishing maximum risk values, identifying the need in capital to cover it as well as controlling over the said limitations at the level of separate portfolios, business dimensions and at the Bank upon the whole

No.	Position	Structural subdivision	Reason
10	Deputy Head	Risk Management Service	Deputy Head of the subdivision identifying and assessing risks, establishing maximum risk values, identifying the need in capital to cover it as well as controlling over the said limitations at the level of separate portfolios, business dimensions and at the Bank upon the whole
11	Chief specialist	Risk Management Service	Employee of the subdivision identifying and assessing risks, establishing maximum risk values, identifying the need in capital to cover it as well as controlling over the said limitations at the level of separate portfolios, business dimensions and at the Bank upon the whole
12	Head	Lending Limits and Operations Analysis Department	Head of the subdivision identifying and assessing risks, establishing maximum risk values, identifying the need in capital to cover it as well as controlling over the said limitations at the level of separate portfolios, business dimensions and at the Bank upon the whole
13	Deputy Head	Lending Limits and Operations Analysis Department	Deputy Head of the subdivision identifying and assessing risks, establishing maximum risk values, identifying the need in capital to cover it as well as controlling over the said limitations at the level of separate portfolios, business dimensions and at the Bank upon the whole
14	Senior Analyst	Lending Limits and Operations Analysis Department	Employee of the subdivision identifying and assessing risks, establishing maximum risk values, identifying the need in capital to cover it as well as controlling over the said limitations at the level of separate portfolios, business dimensions and at the Bank upon the whole
15	Leading Analyst	Lending Limits and Operations Analysis Department	Employee of the subdivision identifying and assessing risks, establishing maximum risk values, identifying the need in capital to cover it as well as controlling over the said limitations at the level of separate portfolios, business dimensions and at the Bank upon the whole

Payroll size for these subdivisions is independent from financial results of those subdivisions (bodies) that decide about conducting banking operations and other deals.

In calculating variable part of the remuneration, quality indicators for objectives achievement set forth in the regulations (or similar internal documents) on the corresponding Bank subdivisions are taken into account:

a) Meeting target indicators:

- Timeliness of reporting.

b) Compliance with standards for completion of documentation;

c) Work quality evaluation of the Bank by external auditors and internal evaluation by the Board of Directors

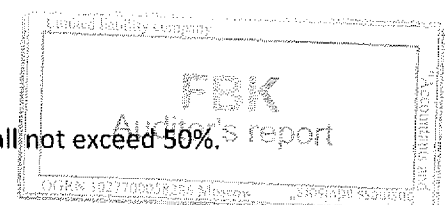
of the Bank:

- No negative comments;

- Minor negative comments that can be cleared in course of the work;

- Significant shortcomings.

In the total volume of remunerations paid to employees the variable part shall not exceed 50%.



Risk management subdivisions of the Bank are not entitled to deferred remuneration types.

Variable part of the remuneration for the employees in charge of risk assumption is set in rubles. There are no other forms of payment of the variable remuneration part.

In the reporting period all employees falling into this category in 2017 did not receive their variable part of remuneration.

There were no guaranteed bonus payments in the reporting period.

Principal indicators and objectives of the employee remuneration system of the Bank:

- To ensure the Bank's financial stability;
- Make the employee remuneration system compatible with the Bank's scope and type of activities, as well as with the Bank's performance results and composition of assumed risks;
- Strengthen employee motivation in meeting strategic and operating objectives of the Bank;
- Ensure financial motivation of the Bank's employees in creative and responsible approach to the assigned tasks and duties;
- Streamlining the employee remuneration approach in the Bank;
- Optimization of planning and management of personnel expenses.

The employee remuneration system is subject to an annual review by the Board of Directors of the Bank.

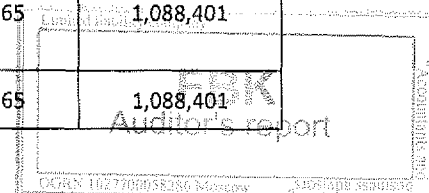
In the beginning of 2018, the employee remuneration system was reviewed by the Remuneration Committee (Minutes No. 01-18 dated January 21, 2018) and the Board of Directors. Total amount of the variable remuneration subject to payment to the employees according to work results in 2017, including the Bank's branch, was approved in the amount of 50,860,000 rubles, payroll indexation was approved on the average at the rate of 3% within the Bank, including payroll indexation for IAS and RMS heads. Scheduled payments to the employees assuming risks in 2017 according to the work flow chart on restructuring the remuneration system for the employees involved in risk assumption were confirmed.

Instruction on changes to "Regulation on determination of employee categories in charge of risk assumption and risk management and control" and Instruction on changes to "Regulation on the employee remunerations and bonuses" were approved.

12. Information about operations of Bank ICBC (JSC) with non-resident counterparties

Below is information about the Bank's operations performed by non-resident counterparties (in ths rubles).

No.	Narrative	Amount as of the reporting date	Data as at the beginning of the reporting year
1	2	3	4
1	Funds on correspondent accounts with non-resident banks	2,254,946	6,733,361
2	Loans provided to non-resident counterparties, total, including:	6,188,964	11,379,854
2.1	To non-resident banks	3,373,085	8,214,230
2.2	To legal entities (non-residents) other than credit institutions	2,815,878	3,165,624
2.3	To non-resident individuals	-	-
3	Debt securities of non-resident issuers, total, including:	1,094,565	1,088,401
3.1	With long-term credit ratings	1,094,565	1,088,401



No.	Narrative	Amount as of the reporting date	Data as at the beginning of the reporting year
3.2	Without long-term credit ratings	-	-
4	Funds of non-residents, total, including:	10,009,323	16,059,404
4.1	Of non-resident banks	9,082,044	15,098,012
4.2	Of non-resident legal entities other than credit institutions	927,179	961,392
4.3	Of non-resident individuals	100	-

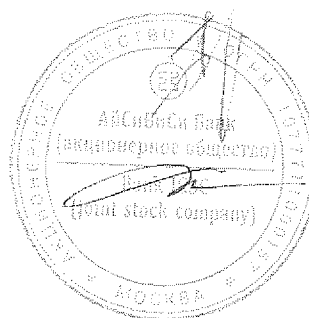
President

Li Wencong

Chief Accountant

N. V. Kuzmina

Stamp



March 26, 2018



Получено 3 (три) экземпляра
по доверенности

Сайт А.В.

