Bank ICBC (joint stock company)

Condensed Interim Financial Statements
as at and for the six-month period ended 30 June 2019,
prepared in accordance with IFRS

Moscow 2019

Contents

KPMG

Independent Auditors' Report on Review of Condensed Interim Financial Information

To the Shareholder and the Board of Directors of Bank ICBC (joint stock company)

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Bank ICBC (joint stock company) (the «Bank») as at 30 June 2019, and the related condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the condensed interim financial information (the «condensed interim financial information»). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Reviwed entity: Bank ICBC (join stock company).

Registration No. in the Unified State Register of Legal Entities № 1077711000157.

Moscow, Russia.

Audit firm: JSC «KPMG», a company incorporated under the Laws of the Russian Federation, a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative («KPMG International»), a Swiss entity.

Registration No. in the Unified State Register of Legal Entities 1027700125628.

Member of the Self-regulated organisation of auditors «Russian Union of auditors» (Association). The Principal Registration Number of the Entry in the Register of Auditors and Audit Organisations: No. 11603053203.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial information as at 30 June 2019 and for the six-month period then ended has not been prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

АКЦИОНЕРНОЕ ОБЩЕСТВО ОГРН 1027700125628
КПМГ
KPMG
МОСКВА

Mesheryakov S. Y.

JSC «KPMG»

Moscow, Russia

27 August 2019

(Thousands of Russian Rubles)

Condensed Interim Statement of Profit or Loss and Other Comprehensive Income

	Note	30 June 2019 (unaudited)	30 June 2018 (unaudited)
Interest income calculated using the effective interest method	5	1 266 811	1 297 213
Other interest income	5	2 869	-
Interest expense	5	(682 403)	(349 977)
Net interest income	**5**	**587 277**	**947 236**
Change in allowance for expected credit losses (impairment allowance) on interest-bearing debt financial assets	7,8,9,10	34 446	55 841
Net interest income after change in allowance for expected credit losses (impairment allowance)		**621 723**	**1 003 077**
Net gains from transactions with financial assets/liabilities		1	327
Net gains from transactions with foreign currencies and financial derivatives		982 351	173 081
Net foreign exchange losses		(593 279)	(1 429)
Operating income		**389 073**	**171 979**
Fee and commission income		43 917	47 040
Fee and commission expense		(17 233)	(4 275)
Net fee and commission income		**26 684**	**42 765**
Changes in other reserves		1 844	(40 747)
Other operating income		19 493	798
Operating expenses	6	**(401 092)**	**(400 081)**
Profit before income tax		**657 725**	**777 791**
Income tax expense		(117 367)	(115 183)
Net profit		**540 358**	**662 608**
TOTAL COMPREHENSIVE INCOME		**540 358**	**662 608**

Signed 27 August 2019

Vice President Shao Changyong

Chief Accountant Natalia V. Kuzmina

АКЦИОНЕРНОЕ ОБЩЕСТВО * ОГРН 1077711000157 * МОСКВА
АйСиБиСи Банк (акционерное общество)
Bank ICBC (joint stock company)

The accompanying notes are an integral part of these condensed interim financial statements.

(Thousands of Russian Rubles)

Condensed Interim Statement of Financial Position

	Note	30 June 2019 (unaudited)	31 December 2018
ASSETS			
Cash and cash equivalents	7	13 236 439	10 893 642
Obligatory reserves with the Central Bank of the Russian Federation		382 892	488 663
Financial assets measured at fair value through profit or loss		5 562	-
Amounts due from financial institutions	8	17 936 043	21 002 974
Loans and advances to customers	9	22 080 910	22 360 039
Investment securities	10	7 459 106	9 964 691
Property and equipment and intangible assets		154 740	107 587
Other assets		35 747	146 563
Total assets		**61 291 439**	**64 964 159**
LIABILITIES			
Financial instruments measured at fair value through profit or loss		7 971	-
Amounts due to financial institutions	11	14 964 419	24 725 618
Amounts due to customers	12	25 259 560	18 896 374
Subordinated loans	13	7 650 956	8 425 850
Dividends declared	14	719 966	-
Other liabilities and reserves		202 801	250 943
Total liabilities		**48 805 673**	**52 298 785**
EQUITY			
Share capital and share premium	14	10 809 500	10 809 500
Retained earnings	14	1 676 266	1 855 874
Total equity		**12 485 766**	**12 665 374**
Total liabilities and equity		**61 291 439**	**64 964 159**

Signed 27 August 2019

Vice President Shao Changyong

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(Thousands of Russian Rubles)

Condensed Interim Statement of Changes in Equity

	Note	Share capital and share premium	Retained earnings	Total equity
Balance as at 1 January 2018		**10 809 500**	**2 819 154**	**13 628 654**
The effect of transition to IFRS 9 as at 1 January 2018, net of deferred tax		-	(40 418)	(40 418)
Recalculated balance as at 1 January 2018		**10 809 500**	**2 778 736**	**13 588 236**
Total comprehensive income for the period (unaudited)		-	662 608	**662 608**
Dividends declared: on ordinary shares (unaudited)	14	-	(2 356 749)	**(2 356 749)**
Balance as at 30 June 2018 (unaudited)		**10 809 500**	**1 084 595**	**11 894 095**
Balance as at 1 January 2019		**10 809 500**	**1 855 874**	**12 665 374**
Total comprehensive income for the period (unaudited)		-	540 358	**540 358**
Dividends declared: on ordinary shares (unaudited)	14	-	(719 966)	**(719 966)**
Balance as at 30 June 2019 (unaudited)		**10 809 500**	**1 676 266**	**12 485 766**

Signed 27 August 2019

АКЦИОНЕРНОЕ ОБЩЕСТВО * ОГРН 1077711000157 * МОСКВА *
АйСиБиСи Банк (акционерное общество)
Bank ICBC (joint stock company)

Vice President Shao Changyong

Chief Accountant Natalia V. Kuzmina

(Thousands of Russian Rubles)

Condensed Interim Statement of Cash Flows

	Note	30 June 2019 (unaudited)	30 June 2019 (unaudited)
Cash flows from operating activities			
Interest received		1 349 547	1 202 042
Interest paid		(720 893)	(241 577)
Fee and commission received		43 917	47 040
Fee and commission paid		(17 233)	(4 275)
Receipts from transactions with financial assets measured at fair value through profit or loss available for sale		1	327
Receipts from transactions with foreign currencies		984 760	180 257
Other operating income received		19 493	798
Operating expenses paid		(421 333)	(413 139)
Income tax paid		(112 041)	(62 097)
Cash flows from operating activities before changes in operating assets and liabilities		**1 126 218**	**709 376**
Net decrease in obligatory reserves with the Central Bank of the Russian Federation		105 771	3 612
Net decrease/(increase) in due from financial institutions		2 247 143	(1 741 630)
Net (increase)/decrease in loans and advances to customers		(2 107 836)	48 425
Net decrease in other assets		6 349	1 123
Net (decrease)/increase in due to financial institutions		(8 062 707)	4 529 906
Net increase/(decrease) in due to customers		7 496 061	(2 879 915)
Net increase/(decrease) in other liabilities		25 175	(31 763)
Net cash flows from operating activities		**836 174**	**639 134**
Cash flows from investing activities			
Purchase of investment securities		(2 709 035)	(2 982 974)
Proceeds from repayment of investment securities		5 054 501	629 234
Purchase of property and equipment and intangible assets		(2 739)	(14 912)
Net cash from/(used in) investing activities		**2 342 727**	**(2 368 652)**
Cash flows from financing activities			
Proceeds from issue of subordinated loans		-	3 970 600
Net cash flows from financing activities		**-**	**3 970 600**
Effect of exchange rates changes on cash and cash equivalents		(836 104)	317 450
Net increase in cash and cash equivalents		**2 342 797**	**2 558 533**
Cash and cash equivalents at the beginning of the reporting period	7	10 893 642	5 065 108
Cash and cash equivalents at the end of the reporting period	**7**	**13 236 439**	**7 623 641**

Signed 27 August 2019

Vice President Shao Changyong

Chief Accountant Natalia V. Kuzmina

АКЦИОНЕРНОЕ ОБЩЕСТВО * ОГРН 1077711000157 * МОСКВА *
АйСиБиСи Банк (акционерное общество)
Bank ICBC (joint stock company)

The accompanying notes are an integral part of these condensed interim financial statements.

(Thousands of Russian Rubles)

Notes to the Condensed Interim Financial Statements

1 Principal activity

Bank ICBC (joint stock company) (the «Bank») was established in 2007.

The Bank's sole shareholder is Industrial and Commercial Bank of China Limited, the ultimate controlling party of which is the People's Republic of China represented by the Ministry of Finance of the RRC.

The structure of the owners (shareholders) of the Bank is represented in the table below:

Owner (shareholder)	30 June 2019 (unaudited)	31 December 2018
Industrial and Commercial Bank of China Limited	100.00%	100.00%
Total	**100.00%**	**100.00%**

The Bank has the following licenses issued by the Central Bank of the Russian Federation (the "Bank of Russia"):

- the general license No.3475 was granted to ICBC Bank (JSC) on 26 January 2018.

The Bank also has licenses issued by the Federal Financial Markets Service to carry out the following types of activities as a professional participant of the securities market:

- Brokerage operations, license No.045-13990-100000 issued on 18 August 2016;
- Depositary operations, license No.045-13992-100000 issued on 18 August 2016;
- Dealing operations, license No.045-13991-000100 issued on 18 August 2016.

The Bank is a participant of a deposit insurance system, certificate No.1009 dated 17 November 2016.

The principal activities of the Bank are the following: legal entities and individuals deposit taking (on demand and for a specific term); placement of attracted funds of legal entities and individuals on its behalf and for its own account; opening and maintenance of the banks' accounts of legal entities and individuals; settlements on behalf of legal entities and individuals including correspondent banks on their bank accounts; cash and settlement documents collection, providing cash services to individuals and legal entities; foreign exchange trading on a cash and non-cash basis; issuing bank guarantees; money transfers on behalf of individuals without opening bank accounts (except for postal transfer), professional services at the securities market.

The Chairman of the Board of Directors is Cui Liang.

The structure of the Bank operating in the Russian Federation includes:

- Branch of ICBC Bank (JSC) in Saint-Petersburg located at 12-14 Litera A, Khersonskaya Street, Saint-Petersburg, 191024, Russian Federation;
- GREENWOOD supplementary office of Bank ICBC (JSC) located at building 17, Greenwood, 69th km of MKAD, Putilkovo settlement, Krasnogorsky District, Moscow Region, 143441, Russian Federation.

The Bank's principal place of business is Moscow, Russian Federation.

The average number of people employed during the six-month period ended 30 June 2019 was 157 (during the six-month period ended 30 June 2018: 149).

2 Business environment

The Russian economy's growth has remained close to potential. Consumer demand remains one of the key growth drivers against a continued rapid growth in consumer lending.

Consumer and investment activity has remained restrained amid the moderate growth of income and persisting external uncertainty. Continued growth in consumer and corporate lending and has supported the economic activity. The unemployment rate has been close to the equilibrium.

Risks of the Russian economy are still high; moreover, the sources of these risks comprise both the global economy and internal condition of the Russian economy. On the one hand, there is a plenty of statistical data on the Russian economy, which indicates the relatively fair growth and favourable business environment, while on the other hand, the consumer and business climate are low, investments are unstable and companies in a number of sectors are faced with significant financial difficulties. It can be stated that it is a common situation when a high level of uncertainty is preserved regarding a further dynamics in the economy. Meanwhile, currently there are still many factors indicate the possibility of a negative scenario of economic development. In addition, a high probability of the global crisis is persisting that undoubtedly would affect Russia.

The Department of Treasury and other budget system agencies have placed temporary free funds with the banks; however, the demand for these funds was limited in conditions of a structural liquidity surplus. To keep the money market rates close to the key rate the Bank of Russia has absorbed the surplus liquidity through regular deposit auctions and auctions for placement of the coupon bonds of the Bank of Russia.

Banking sector statistics for the six months of 2019 published by the Bank of Russia was reasonably good in terms of the dynamics of assets. The volume of assets in real terms has increased by 0.4%, while in nominal terms it has decreased by 1.7%. All negative nominal dynamics of assets has resulted from the foreign exchange revaluation. It stands to mention that the last decrease in assets in real terms was observed in May 2018. At the same time, the real growth rates during a rolling 12-month period as of 1 July 2019, according to experts, amounted to 6.8% versus 6.2% at the beginning of the year and 5.8% on YoY basis. Therefore, a stable trend has been observed in the dynamics of real assets, which is unlikely to be interrupted in the coming months. At the beginning of 2019 a real decrease in assets has been also recorded; however, it was a “paper” one and appeared due to new accounting standards.

Totally, from the beginning of the year, lending to the economy has increased by 3.1% in nominal terms and by 4.9% in real terms. In comparison, in the first half of 2018, lending to the economy was characterised by increase of 5.5% and 3.7% in the nominal terms and real terms, respectively. Thus, real lending to the economy in 2019 was visible better than for the same period of the last year.

The management of the Bank believes that has taken all necessary and appropriate measures to maintain the economic stability of the Bank under the current conditions, and believes that the Bank has the potential for further development thereof. The core competencies of the Bank and applicable credit policy allows building the long-term business relationships with major counterparties and provide conditions for the Bank's continued operations.

In 2019, the Bank intends to keep following the approved strategy and credit policy, and provide loans to large Russian companies, as well as Russian branches of Chinese companies operating in various sectors of the economy.

3 Basis of preparation

Statement of compliance

These condensed interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting.* They do not include all of the information required for the complete financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the annual financial statements for the year ended 31 December 2018. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Bank’s financial position and performance since the last annual financial statements.

Basis of measurement

These condensed interim financial statements are prepared on the historical cost basis except that financial instruments at fair value.

Functional and presentation currency

Financial statements are presented in the national currency of the Russian Federation (Russian Rouble), which is the Bank’s functional currency and presentation currency for the purposes of these financial statements. Unless otherwise indicated, financial information is presented in thousand of Russian Rubles.

As at 30 June 2019 the official exchange rate of the Bank of Russia to revalue the account balances in foreign currency is:

	30 June 2019	31 December 2018
USD	63,0756	69,4706
EUR	71,8179	79,4605
CNY	9,18238	10,0997

Use of estimates and judgments

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The notes listed below comprise information about significant estimations uncertainty and critical judgments in applying accounting policies:

- classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding – Note 4;
- establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of ECL and selection and approval of models used to measure ECL.

4 Accounting principles

The accounting principles, presentations and calculation methods applied in these condensed interim financial statements are consistent with those applied in the annual financial statements for the year ended 31 December 2018, except for adoption of IFRS 16, which is applicable from 1 January 2019.

Changes in accounting policies and presentation

IFRS 16 Leases

The date of initial application of IFRS 16 for the Bank is 1 January 2019.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. As a result, the Bank, as a lessee, recognises a right-of-use asset representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar. The Bank has applied IFRS 16 using the modified retrospective approach. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

Definition of a lease

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. On transition to IFRS 16, the Bank elected to apply the practical expedient to grandfather the assessment of which transactions are leases – i.e. it applied IFRS 16 to all contracts entered into after 1 January 2019 that were previously identified as leases under IAS 17 and IFRIC 4. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019. At inception or on reassessment of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease and non-lease component.

As a lessee

The Bank leases assets, including property and vehicles. As a lessee, the Bank previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Bank recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

However, the Bank has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets. The Bank recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Bank presents right-of-use assets that do not meet the definition of investment property in ‘property and equipment’, the same line item as it presents underlying assets of the same nature that it owns. The carrying amounts of right-of-use assets are as below.

(Thousands of Russian Rubles)

	30 June 2019 (Unaudited)	**1 January 2019 (Unaudited)**
Property	58 231	85 464
Vehicles	736	1 471

The Bank presents lease liabilities in 'other liabilities' in the condensed interim statement of financial position.

Significant accounting policies

The Bank recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Bank has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Bank is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Transition

Previously, the Bank classified property leases as operating leases under IAS 17. At transition to IFRS 16, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Bank's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments – the Bank applied this approach to all leases.

The Bank used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

– Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.

– Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

As a lessor

The Bank does not lease out any investment property, including right-of-use assets.
The accounting policies applicable to the Bank as a lessor are not different from those under IAS 17.

Impacts on transition to IFRS 16

On transition to IFRS 16, the Bank recognised additional right-of-use assets and additional lease liabilities with impact on retained earnings.

The impact on transition is summarised below.

	1 January 2019 (Unaudited)
Right-of-use assets presented in property and equipment	86 935
Lease liabilities presented in other liabilities	86 935

When measuring lease liabilities for leases that were classified as operating leases, the Bank discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 7.6%.

	1 January 2019 (Unaudited)
Operating lease commitments as at 31 December 2018 as disclosed in the financial statements	**123 932**
Discounted using the incremental borrowing rate at 1 January 2019	86 974
Finance lease liabilities recognised as at 31 December 2018	-
Recognition exemption for leases of low-value assets, for leases with less than 12 month lease term at transition and other contracts	(39)
Lease liabilities recognised at 1 January 2019	**86 935**

Impacts for the period

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases, the Bank recognised RUB 86 935 thousand of right-of-use assets and RUB 86 935 thousand of lease liabilities as at 1 January 2019. Also in relation to those leases under IFRS 16, the Bank recognised depreciation and interest costs, instead of operating lease expense. During the six months ended 30 June 2019, the Bank recognised RUB 27 969 thousand of depreciation charges and RUB 5 015 thousand of interest costs from these leases.

Standards issued but not yet effective

The following new and revised IFRSs have been issued but are not yet effective and not applied by the Bank:

New or revised IFRS or interpretation	**Effective date**
IFRS 17 *Insurance Contracts*	1 January 2021
Amendments to IFRS 3 *Definition of business*	1 January 2020
Amendments to IFRS (IAS) 1 and IFRS (IAS) 8 *Definition of materiality*	1 January 2020

5 Interest income and expense

Interest income and interest expenses comprise:

	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)
Interest income calculated using the effective interest method	**1 266 811**	**1 297 213**
Loans to customers	626 535	449 132
Due from financial institutions	357 769	621 778
Investment securities	251 090	207 196
Factoring transactions	31 417	19 107
Other interest income	**2 869**	**-**
Financial assets measured at FVTPL	2 869	-
Total interest income	**1 269 680**	**1 297 213**
Interest expense		
Due to financial institutions	(282 248)	(81 315)
Due to customers	(239 306)	(170 618)
Subordinated loans	(155 834)	(98 044)

(Thousands of Russian Rubles)

	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)
Lease liabilities	(5 015)	-
Total interest expense on financial liabilities not measured at FVTPL	**(682 403)**	**(349 977)**
Total interest expense	**(682 403)**	**(349 977)**
Net interest income	**587 277**	**947 236**

6 Operating expenses

Administrative and other operating expenses comprise:

	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)
Personnel expenses	(249 568)	(237 647)
Depreciation	(41 402)	(6 692)
Insurance	(32 807)	(31 824)
Communications	(15 514)	(28 005)
Expenses on owned and leased property and equipment (maintenance, repairs and sale)	(14 528)	(21 395)
Taxes and fees other than income tax	(13 472)	(14 820)
Expenses on the intellectual property licence	(11 390)	(4 872)
Professional services	(8 666)	(2 774)
Operating lease expense	(2 231)	(32 113)
Other	(11 514)	(19 939)
Total administrative and other operating expenses	**(401 092)**	**(400 081)**

7 Cash and cash equivalents

	30 June 2019 (Unaudited)	31 December 2018
Cash on hand	**57 340**	**62 765**
Nostro accounts with CBR	**4 393 155**	**287 121**
Nostro accounts with other banks		
- rated from “A-” to “A+”	8 412 272	8 140 899
- rated from BBB- to BBB+	373 745	2 403 027
Total nostro accounts with other banks	**8 786 017**	**10 543 926**

(Thousands of Russian Rubles)

	30 June 2019 (Unaudited)	31 December 2018
Total cash and cash equivalents before allowance for expected credit losses	**13 236 512**	**10 893 812**
Allowance for expected credit losses	(73)	(170)
Total cash and cash equivalents	**13 236 439**	**10 893 642**

'Nostro accounts with other banks' comprise cash balances placed in foreign banks primarily related to ICBC Group.

As at 30 June 2019 the Bank has two clients except the Bank of Russia, which balances on correspondent accounts exceed 10% of 'Cash and cash equivalents' (as at 31 December 2018: three clients except the Bank of Russia, which balances on correspondent accounts exceed 10% of 'Cash and cash equivalents'. The gross value of the balances of these clients equals to RUB 7 956 623 thousand or 60.11% of 'Cash and cash equivalents' (31 December 2018: RUB 5 144 185 thousand or 47.22% of 'Cash and cash equivalents').

The movements in allowance for credit losses on cash and cash equivalents are as follows:

	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)
	12-month expected credit losses (ECL)	12-month expected credit losses (ECL)
Allowance for expected credit losses at the beginning of the year	(170)	-
Recovery of allowance	97	-
Allowance for expected credit losses at the end of the period	(73)	-

As at 30 June 2019 the Bank's cash and cash equivalents were included in Stage 1 of credit quality and were not overdue (31 December 2018: Stage 1 and not overdue).

8 Amounts due from financial institutions

Amounts due from financial institutions comprise loans (deposits) provided to counterparties by the Bank.

The following tables provide information on the credit quality of due from financial institutions as at 30 June 2019:

	Time interbank credits and deposits	Security deposit of the payment system operator with the Bank of Russia	Other due from financial institutions	Total amounts due from financial institutions
Amounts due from financial institutions measured at amortised cost				
- rated from BBB- to BBB+	4 460 619	816 998	6 139 615	11 417 232
- rated from BB- to BB+	5 613 807	-	-	5 613 807
Total amounts due from financial institutions before allowance for expected credit losses	**10 074 426**	**816 998**	**6 139 615**	**17 031 039**
Allowance for expected credit losses	(22 903)	-	(283)	(23 186)
Total amounts due from financial institutions measured at amortised cost	**10 051 523**	**816 998**	**6 139 332**	**17 007 853**

(Thousands of Russian Rubles)

	Time interbank credits and deposits	**Security deposit of the payment system operator with the Bank of Russia**	**Other due from financial institutions**	**Total amounts due from financial institutions**
Amounts due from financial institutions measured at FVTPL				
- rated from BBB- to BBB+	928 190	-	-	928 190
Total amounts due from financial institutions measured at FVTPL	**928 190**	**-**	**-**	**928 190**
Total amounts due from financial institutions	**10 979 713**	**816 998**	**6 139 332**	**17 936 043**

The following table provides information about the credit quality of amounts due from financial institutions as at 31 December 2018:

	Time interbank loans and deposits	**Security deposit of the payment system operator with the Bank of Russia**	**Other due from financial institutions**	**Total amounts due from financial institutions**
- rated from BB- to BB+	11 206 754	-	-	11 206 754
- rated from BBB- to BBB+	7 428 501	816 998	26 733	8 272 232
- rated from A- to A+	1 263 528	-	-	1 263 528
- not rated	270 577	-	-	270 577
Total amounts due from financial institutions before allowance for expected credit losses	**20 169 360**	**816 998**	**26 733**	**21 013 091**
Allowance for expected credit losses	(10 117)	-	-	(10 117)
Total amounts due from financial institutions	**20 159 243**	**816 998**	**26 733**	**21 002 974**

“Interbank term loans and deposits” comprises the due from the Russian banks on letters of credit on post-financing transactions. This amount at 30 June 2019 is RUB 20 393 thousand (31 December 2018: RUB 65 585 thousand). “Other placements with financial institutions” comprises outstanding balances under the stock exchange clearing and settlement transactions.

As at 30 June 2019 all amounts due to the Bank from financial institutions were included in Stage 1 of credit quality and were not overdue (as at 31 December 2018: all amounts due to the Bank from financial institutions were included in Stage 1 of credit quality and were not overdue).

Allowance for expected credit losses recognised in profit and loss accounts includes the amounts charged in the reporting year in accordance with International Accounting Standards.

(Thousands of Russian Rubles)

The movements in allowance for credit losses on amounts due from credit institutions are as follows:

	30 June 2019 (unaudited)			**30 June 2018 (unaudited)**		
	12-month ECL	**Lifetime ECL not credit-impaired**	**Total**	**12-month ECL**	**Lifetime ECL not credit-impaired**	**Total**
Allowance for expected credit losses at the beginning of the period	**(10 117)**	**-**	**(10 117)**	**(18 183)**	**(133 405)**	**(151 588)**
Reversal/ (charge) of allowance	(13 069)	-	(13 069)	(40 977)	133 405	92 428
Allowance for expected credit losses at the end of the period	**(23 186)**	**-**	**(23 186)**	**(59 160)**	**-**	**(59 160)**

As at 30 June 2019 the Bank has 4 clients, which balances individually exceed 10% of "Amounts due from financial institutions" (as at 31 December 2018: 3 clients). The gross value of the balances of these clients is RUB 13 715 778 thousand or 76.47% of "Amounts due from financial institutions" (as at 31 December 2018: RUB 7 867 173 thousand or 37.46% of "Amounts due from financial institutions").

9 Loans and advances to customers

	30 June 2019 (unaudited)	**31 December 2018**
Loans to corporate customers	***22 254 165***	***22 576 572***
- rated from BB- to BB+	7 419 537	10 479 897
- rated BBB	2 960 443	2 774 609
- rated from B- to B+	2 000 936	1 991 333
Internal credit risk rating:		
- rated from BB- to BB+	5 956 826	3 820 072
- rated from B- to B+	3 803 657	-
- rated BBB-	112 766	3 510 661
Loans to retail customers	***188***	***188***
Total loans and advances to customers before allowance for expected credit losses	**22 254 353**	**22 576 760**
Allowance for expected credit losses	(173 443)	(216 721)
Total loans and advances to customers	**22 080 910**	**22 360 039**

As at 30 June 2019, all loans and advances to customers are included in Stage 1 of credit quality and are not overdue (at 31 December 2018: Stage 1 of credit quality and were not overdue).

As at 30 June 2019 the Bank has 3 clients, whose balances individually exceed 10% of "Loans and advances to customers" (as at 31 December 2018: 3 clients). The gross value of the balances of these clients is RUB 8 854 675 thousand or 40.10% of "Loans and advances to customers" (as at 31 December 2018: RUB 10 024 924 thousand or 44.83% of "Loans and advances to customers").

The core Bank's customers are major Russian corporations.

(Thousands of Russian Rubles)

The table below shows industry concentration of the loans and advances to customers:

	30 June 2019 (unaudited)		**31 December 2018**	
	Amount	**%**	**Amount**	**%**
Oil and gas/Chemicals	10 644 057	47.82%	12 094 910	53.57%
Forest and timber industry	5 167 202	23.22%	3 488 030	15.45%
Transport	2 518 226	11.31%	2 637 945	11.68%
Manufacturing	2 080 781	9.35%	3 002 793	13.30%
Trade and services	1 334 415	6.00%	1 332 083	5.90%
Communications and data transmission	496 871	2.23%	18 088	0.08%
Other	12 613	0.06%	2 723	0.01%
Individuals	188	0.00%	188	0.00%
Total loans and advances to customers before allowance for expected credit losses	**22 254 353**	**100.00%**	**22 576 760**	**100.00%**
Allowance for expected credit losses	(173 443)		(216 721)	-
Total loans and advances to customers	**22 080 910**		**22 360 039**	**-**

During the reporting period, the Bank reconsidered the classification of sectors in order to describe the borrowers' activity more accurately and detailed, and restated the comparatives for 31 December 2018:

	As previously reported	**Adjustments**	**As reclassified**
Oil and gas/ Chemical	8 957 476	3 137 434	12 094 910
Manufacturing	6 140 227	(3 137 434)	3 002 793

The following tables show reconciliations from the opening to the closing balances of allowance for expected credit losses by loans to customers measured at amortised cost.

	30 June 2019 (unaudited)
Loans to customers measured at amortised cost	**12-month expected credit losses (ECL)**
Balance at 1 January 2019	**(216 721)**
Change in allowance for expected credit losses	82 650
Purchased or originated loans	(34 837)
Fully repaid loans	6 301
Effect of foreign currencies revaluation	(10 836)
Balance at 30 June 2019	**(173 443)**

(Thousands of Russian Rubles)

Information as at 30 June 2018 is provided below:

	30 June 2018 (unaudited)		
Loans to customers measured at amortised cost	**12-month ECL**	**Lifetime ECL of assets not credit-impaired**	**Total**
Balance at 1 January 2018	**(348 496)**	**(55 669)**	**(404 165)**
Change in allowance for expected credit losses	(56 432)	-	**(56 432)**
Purchased or originated loans	(151)	-	**(151)**
Fully repaid loans	3 660	-	**3 660**
Effect of foreign currencies revaluation	9 927	6 418	**16 345**
Balance at 30 June 2018	**(391 492)**	**(49 251)**	**(440 743)**

The effect of the significant changes in the gross carrying amount of financial instruments during the reporting period that contributed to changes in loss allowance were as follows:

- Repayment of loans by corporate customers in the amount of RUB 2 128 million during the year contributed to decrease of ECL in the amount of RUB 6 million (30 June 2018: Repayment of loans by corporate customers in the amount of RUB 812 million during the year contributed to decrease of ECL in the amount of RUB 4 million).
- Loans issued to corporate customers in the amount of RUB 4 030 million during the year contributed to increase of ECL in the amount of RUB 35 million (30 June 2018: Loans issued to corporate customers in the amount of RUB 4 404 million during the year contributed to increase of ECL in the amount of RUB 0.1 million).

10 Investment securities

	30 June 2018 (unaudited)	31 December 2018
Debt securities		
Bonds of Russian Government and the Bank of Russia and regional and municipal bonds	**6 315 623**	**8 734 476**
- rated BBB-	6 315 623	8 734 476
Bonds of foreign credit institutions	**1 149 321**	**1 240 193**
- rated from AA- to AA+	1 149 321	1 240 193
Total debt securities before allowance for expected credit losses	**7 464 944**	**9 974 669**
Allowance for expected credit losses	(5 838)	(9 978)
Total investment securities	**7 459 106**	**9 964 691**

During 2019, the Bank has not invested funds in investment securities on non-market terms. As at 30 June 2019 all investment securities are included in Stage 1 of credit quality and are not overdue (31 December 2018: were included in Stage 1 of credit quality and were not overdue).

(Thousands of Russian Rubles)

Movements in allowance for expected credit losses on investment securities were as follows:

	30 June 2019 (unaudited)	**30 June 2018 (unaudited)**
	12-month ECL	**12-month ECL**
Allowance for expected credit losses at the beginning of the period	**(9 978)**	**(91)**
Charge for the period	4 140	(9)
Allowance for expected credit losses at the end of the period	**(5 838)**	**(100)**

For information on fair value of investment securities, see Note 16.

11 Amounts due to financial institutions

	30 June 2019 (unaudited)	**31 December 2018**
Correspondent accounts and overnight deposits of other banks	10 074 212	13 921 800
Time loans and deposits of other banks	4 883 728	10 803 817
Other amounts due to other banks	6 479	1
Total amounts due to financial institutions	**14 964 419**	**24 725 618**

As at 30 June 2019 the Bank has 3 clients, which balances individually exceed 10% of 'Amounts due to financial institutions' (as at 31 December 2018: 2 clients). The gross value of the balances of these clients is RUB 6 499 145 thousand or 43.43% of 'Amounts due to financial institutions' (31 December 2018: RUB 7 683 317 thousand or 31.07% of 'Amounts due to financial institutions').

12 Amounts due to customers

	30 June 2019 (unaudited)	**31 December 2018**
Deposits of private entities		
Time deposits	17 374 308	10 246 863
Current and settlement accounts	7 250 008	7 694 574
Other deposits	441 466	354 964
Total deposits of private entities	**25 065 782**	**18 296 401**
Deposits of individuals		
Current accounts and on demand	57 692	27 693
Time deposits	7 451	27 606
Total deposits of individuals	**65 143**	**55 299**
Other customer deposits		
Other customer accounts	128 635	544 674
Total other customer deposits	**128 635**	**544 674**
Total amounts due to customers	**25 259 560**	**18 896 374**

(Thousands of Russian Rubles)

Over the period of its operation, the Bank client base has been quite stable and represented by the Russian branches of Chinese commercial and state-owned companies. The Russian clients of the Bank include major energy providers as well as trade companies classified as “medium and small-scale business”.

As at 30 June 2019, the Bank has 3 clients, which balances individually exceed 10% of “Amounts due to customers” (as at 31 December 2018: the Bank had no clients, which balances exceeded 10% of “Amounts due to customers”). The gross value of the balances of these clients is RUB 6 942 774 thousand or 27.49 % of “Amounts due to customers”.

13 Subordinated loans

The subordinated loan in the amount of RUB 7 650 956 thousand (2018: RUB 8 425 850 thousand) was formed by the loans received by the Bank from its parent company Industrial and Commercial Bank of China Limited.

The loan in the amount of USD 50 000 thousand was granted in October 2013, with a ten-year term and the maturity in 2023. The agreement stipulates a variable interest rate set on the basis of 6M Libor + 1.3%. According to the loan agreement, the subordinated debt is converted into common shares of the Bank in cases stated in the regulations of the Bank of Russia.

The loan in the amount of USD 70 000 thousand was granted in February 2018, with a fifteen-year term and the maturity in 2033. The agreement stipulates a variable interest rate set on the basis of 6M Libor + 1.3%. According to the loan agreement, the subordinated debt is converted into common shares of the Bank in cases stated in the regulations of the Bank of Russia.

14 Share capital and share premium

	Number of shares	Nominal value per share	Nominal value
31 December 2018	**432 380**	**25**	**10 809 500**
30 June 2019	**432 380**	**25**	**10 809 500**

In accordance with the Russian legislation, dividends may only be distributed to the shareholders of the Bank from accumulated retained earnings as shown in the Bank’s financial statements prepared in accordance with Russian accounting principles. As at 31 December 2018, the retained earnings of the Bank was RUB 1 885 874 thousand. By the Decision No. 28 of 27 June 2019 taken by the Annual Shareholders Meeting, dividend payment of RUB 719 966 thousand was approved (as at 31 December 2017 the retained earnings of the Bank was RUB 2 819 514 thousand. By the Decision No. 27 of 27 June 2018 taken by the Annual Shareholders Meeting, dividend payment of RUB 2 356 749 thousand was approved).

15 Provisions, contingent liabilities and contingent assets

Insurance

The insurance industry in the Russian Federation is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Bank does not have full coverage for its premises and equipment, business interruption, or third party liability in respect of property or environmental damage arising from accidents on the Bank’s property or relating to the Bank’s operations.

Litigation

In the ordinary course of business, the Bank is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial conditions or the results of future operations of the Bank.

Taxation

The taxation system in the Russian Federation continues to develop and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by various levels of authorities, which have the authority to impose severe fines and interest charges. A tax year generally remains open for review by the tax authorities for three subsequent calendar years; however, under certain circumstances a tax year may remain open longer. Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive and substance-based position in their interpretation and enforcement of tax legislation.

(Thousands of Russian Rubles)

Transfer pricing legislation enacted in the Russian Federation starting from 1 January 2012 provides for major modifications making local transfer pricing rules closer to OECD guidelines, but creating additional uncertainty in practical application of tax legislation in certain circumstances.

Since there is no practice of applying the new transfer pricing rules by the tax authorities and courts, it is difficult to predict the effect of the new transfer pricing rules on these condensed interim consolidated financial statements.

In general, the management believes that the Bank has assessed or paid all taxes set forth bay law. As to transactions, for which there is any uncertainty over taxes, except for income tax, the Bank assessed tax liabilities in accordance with the best assessment by the management of probable outflow of resources that would be required to settle the said liabilities. Possible liabilities identified as at the reporting date, which are determined by management as liabilities related to different interpretation of the tax legislation and regulations, are not assessed in the financial statements.

Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees, which represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary letters of credit, which are written undertakings by the Bank on behalf of a customer authorising a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate or cash deposits and, therefore, carry less risk than a direct borrowing.

The Bank's outstanding credit related commitments are as follows:

	30 June 2019 (unaudited)	**31 December 2018**
Guarantees issued	4 438 975	4 255 398
Undrawn loan commitments and overdraft limits	3 647 409	3 983 405
Letters of credit	649 089	2 536 432
Total credit related commitments	**8 735 473**	**10 775 235**
Allowance for expected credit losses	**(1 468)**	**(3 286)**
Total credit related commitments	**8 734 005**	**10 771 949**

16 Fair value of financial instruments

Fair value is the amount for which an asset or liability could be exchanged between knowledgeable, willing parties in an arm's length transaction. The best evidence of fair value is given by quoted price in the market for the financial instrument.

The Bank determined the estimated fair value of financial instruments on the basis of available market data (if any) and proper valuation techniques. Professional judgements are however required to interpret market data to determine the fair value. Notwithstanding the Russian Federation has investment grade ratings, it continues to display some characteristic of an emerging economy and economic environment continues to limit the level of activity in financial markets. Market quotations may be outdated or reflect low sale cost and, in view if this, mispresent the fair value of financial instruments. Management uses all available market data when assessing the fair value of financial instruments.

Aair value approaches in these condensed interim financial statements are consistent with those applied in the annual financial statements for the year ended 31 December 2018.

(Thousands of Russian Rubles)

The fair value of financial instruments is as follows:

	30 June 2019 (unaudited)			**31 December 2018**		
	Carrying amount	**Fair value (Level 1)**	**Fair value (Level 3)**	**Carrying amount**	**Fair value (Level 1)**	**Fair value (Level 3)**
Financial assets at amortised cost						
Investment securities	7 459 106	7 447 636	-	9 964 691	9 994 480	-
Financial assets at fair value through profit or loss						
Amounts due from financial institutions	928 190	-	928 190	-	-	-

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 − Quoted market price (unadjusted) in an active markets for identical assets or liabilities;

Level 2 − Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable. These are inputs (adjustable), which are directly or indirectly observable for financial instrument, except price quotations categorised as Level 1.

Inputs of Levels 1 and 2 are observable data for a financial instrument being valued;

Level 3 − Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. This category covers all instruments for which the valuation technique includes inputs not based on public data and such data, which is not publicly available in the market, has significant effect on the instrument valuation. The Bank includes instruments that are valued based on quoted prices for similar instruments where significant adjustments or judgements, which are not publicly available, are required to reflect differences between the instruments.

Fair value of financial assets carried at fair value through profit or loss was calculated by discounting using an average weighted market rate, which was equal to the allocation rate under the contract at initial recognition.

Movement in fair value of amounts due from financial institutions measured at fair value through profit or loss for the six-month periods ended 30 June 2019 and 2018 is as follows:

	30 June 2019 (unaudited)	**30 June 2018 (unaudited)**
Fair value at 1 January	**-**	-
Loans issued	954 405	-
Interest income	2 871	-
Effect of foreign currencies revaluation	(29 086)	-
Fair value at 30 June	**928 190**	-

Determining the fair value of financial instruments as at 30 June 2019, management of the Bank made the following assumptions:

- to discount future cash flows of financial institutions, the Bank may use an average weighted (average market) interest rate, or a mean value between the maximum interest rates, or an average between the minimum and maximum market rates (depending on the type of instrument). Inputs used to determine a market rate for trade finance transactions, including risk sharing, are classified as unobservable (Level 3), therefore, the Bank used its own assumptions for market rates: cost of resources for the Bank quoted by the Bank Treasury, participating bank or other financing banks at the time of transaction negotiation + the Bank's margin of 0.15% - 3.00% p.a. irrespective of the transaction currency. The rate depends on the timing and volume of transaction as well as assessment of a counterparty's financial position.

(Thousands of Russian Rubles)

The table below sets out information about significant unobservable inputs used in the measuring financial instruments categorised as Level 3 in the fair value hierarchy as at 30 June 2019 (unaudited):

Type of instrument	**Fair value**	**Valuation technique**	**Significant unobservable input**	**Unobservable inputs**
Amounts due from financial institutions measured at FVTPL	928 190	Discounted cash flows from operating activities	Risk-adjusted discount rate	Cost of resources for the Bank + the Bank's margin of 0,15% - 3,00% p.a. irrespective of the transaction currency

If discount rates changed by plus/minus one per cent, fair value of the said instruments would be RUB 914 598 thousand and RUB 945 201 thousand, respectively (31 December 2018: nil).

For other financial assets and financial liabilities as at 30 June 2019 (unaudited) and 31 December 2018, fair value is not materially different from the carrying amount.

17 Related party transactions

For the purposes of these financial statements, the parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions as stated in IAS 24 *Related Party Disclosures*. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

To disclose related parties information, the Bank considers four categories of related parties:

1. The parent company is Industrial and Commercial Bank of China Limited JSC. The party with ultimate control over the Bank is the Government of the People's Republic of China.
2. Companies of ICBC group are entities, which are members of the financial group of Industrial and Commercial Bank of China Limited JSC.
3. The Bank's key management personnel is represented by an individual or a close family member of the individual who is the Bank's key management personnel.
4. Other companies are parties under influence of the same governmental bodies of the PRC as those who have control, joint control or significant influence on other parties and the Bank, except those represented in other categories by companies of ICBC group. In preparing these financial statements, this category has been identified for the first time.

During the reporting period, the Bank actively cooperated with the Parent company - Industrial and Commercial Bank of China Limited JSC, which is a shareholder of the Bank, its branches and subsidiaries in the interbank lending market, trade finance, foreign currency purchase and sales transactions (including CNY/RUB currency pair).

As at 30 June 2019, the Bank's related parties were as follows:

Key management personnel of the Bank:

Name	**Activity**	**Functions**
Li Wencong	President	Management
Lang Weijie (quitted in the reporting period)	Vice-President	Management
Igor G. Titlin	Vice-President	Management
Wang Gang	Vice-President	Management
Natalia V. Kuzmina	Chief Accountant	Management
Shao Changyong	Vice-President	Management

(Thousands of Russian Rubles)

Transactions with the Bank's key management personnel

Total remuneration included in operating expenses is as follows:

	30 June 2019 (unaudited)		**30 June 2018 (unaudited)**	
	Total accrued expenses	**Ownership, %**	**Total accrued expenses**	**Ownership, %**
Wages and salaries	36 985	79.82%	14 497	97.48%
Bonuses	3 522	7.60%	-	-%
Long-term benefits	5 400	11.65%	-	-%
Other payments	430	0.93%	375	2.52%
including payroll related taxes and deductions	*5 322*	-	*1 933*	-
TOTAL	**46 337**	**100%**	**14 872**	**100%**

These amounts include cash and non-cash remuneration of the members of Board of Directors and the Management Board.

The outstanding balances and average interest rates as at 30 June 2019 and 31 December 2018 for transactions with the members of the Board of Directors and the Management Board are as follows:

	30 June 2019 (unaudited)		**31 December 2018**	
	Carrying amount	**Average interest rate, %**	**Carrying amount**	**Average interest rate, %**
LIABILITIES				
Amounts due to customers (individuals)	-	-	32 732	2.32%
Other liabilities and reserves	-	-	44 535	-
Total liabilities	**-**	**-**	77 267	**-**

Amounts included in profit or loss in relation to transactions with the members of the Board of Directors and the Management Board are as follows.

	30 June 2019 (unaudited)	**30 June 2018 (unaudited)**
Interest expense	-	54
Fee and commission income	-	1
Net gains from transactions with foreign currencies and financial derivatives	17	-

(Thousands of Russian Rubles)

The outstanding balances and the related average effective interest rates as at 30 June 2019 and related income and expenses on transactions with related parties for the six-month period of 2019 (unaudited) are as follows:

	Parent company		**Companies of ICBC group**		**Other companies**		**Total**
		Average effective interest rate		**Average effective interest rate**		**Average effective interest rate**	
Statement of financial position							
Cash and cash equivalents	4 696 137	0.74%	3 394 881	0.74%	351 712	0.50%	**8 442 730**
Loans and advances to customers	-		-		14 918	10.5%	**14 918**
Investment securities	-		-		1 149 298	4.78%	**1 149 298**
Other assets	5 438		4 390		293		**10 121**
Total assets	**4 701 575**		**3 399 271**		**1 516 221**		**9 617 067**
Amounts due to financial institutions	1 448 280		3 109 077	2.78%	905 933	7.35%	**5 463 290**
Amounts due to customers	-		-		6 937 938	2.69%	**6 937 938**
Financial liabilities at FVTPL	7 971		-		-		**7 971**
Subordinated loans	7 650 956	3.92%	-		-		**7 650 956**
Other liabilities and reserves	-		2 393		682		**3 075**
Total liabilities	**9 107 207**		**3 111 470**		**7 844 553**		**20 063 230**
Off-balance sheet commitments							
Guarantees received	-		548 981	0.20%	3 550 548	0.20%	**4 099 529**
Guarantees issued	-		548 981	0.20%	3 550 568	0.20%	**4 099 549**

(Thousands of Russian Rubles)

	Parent company		**Companies of ICBC group**		**Other companies**		**Total**
		Average effective interest rate		**Average effective interest rate**		**Average effective interest rate**	
Statement of profit or loss and other comprehensive income							
Interest income	24 817		14 241		61 885		**100 943**
Interest expenses	(190 102)		(70 726)		(208 856)		**(469 684)**
Change in allowance for expected credit losses (impairment allowance) on interest-bearing debt financial assets	(31 297)		36 838		(39 873)		**(34 332)**
Net gains from transactions with foreign currencies and financial derivatives	79 558		521 573		25 155		**626 286**
Fee and commission income	5 174		-		9 804		**14 978**
Fee and commission expense	(3)		(545)		(853)		**(1 401)**

The outstanding balances and the related average effective interest rates as at 31 December 2018 and related income and expenses on transactions with related parties for the six months of 2018 (unaudited) are as follows:

(Thousands of Russian Rubles)

	Parent company		Companies of ICBC group		Other companies		Total
		Average effective interest rate		Average effective interest rate		Average effective interest rate	
Statement of financial position							
Cash and cash equivalents	3 599 836		4 375 848		2 402 776		**10 378 460**
Amounts due from financial institutions	-		1 263 527	3.00%	1 289 968	7.50%	**2 553 495**
Investment securities	-		-		1 240 193	4.80%	**1 240 193**
Other assets	-		12		-		**12**
Total assets	**3 599 836**		**5 639 387**		**4 932 937**		**14 172 160**
Amounts due to financial institutions	7 138 176	1.24%	6 199 449	3.46%	1 816 786	7.13%	**15 154 411**
Amounts due to customers	-		-		8 048 621	2.32%	**8 048 621**
Subordinated loans	8 425 850	3.88%	-		-		**8 425 850**
Total liabilities	**15 564 026**		**6 199 449**		**9 865 407**		**31 628 882**
Off-balance sheet commitments	.						
Guarantees received	-		573 713	0.20%	3 550 548	0.20%	**4 124 261**
Guarantees issued	-		573 713	0.20%	3 550 548	0.20%	**4 124 261**
Statement of profit or loss and other comprehensive income							
Interest income	9 910		5 885		27 933		**43 728**
Interest expense	(100 312)		(63 287)		(43 523)		**(207 122)**
Net gains from transactions with foreign currencies and financial derivatives	192 694		(128 377)		3 542		**67 859**
Fee and commission income	3 479		986		23 193		**27 658**
Fee and commission expense	(2)		(515)		(30)		**(547)**

All loans to related parties are unsecured.

Signed 27 August 2019

Vice President — Shao Changyong

Chief Accountant — Natalia V. Kuzmina

АйСиБиСи Банк (акционерное общество) Bank ICBC (joint stock company)