



**ICBC Bank (Joint Stock Company)
annual financial statements
for the year 2019**

Moscow 2020



Independent Auditors' Report

**on the annual financial statements of
Bank ICBC (joint stock company)
for the year 2019**



Independent Auditors' Report

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

Report on the Audit of the Annual Financial Statements

Opinion

We have audited the annual financial statements of Bank ICBC (joint stock company) (the "Bank"), which comprise the balance sheet (form for publication) for the year 2019, the income statement (form for publication) for the year 2019, the statement on capital adequacy for risk coverage (form for publication) as at 1 January 2020, the report on changes in equity of credit organisation (form for publication), the report on mandatory ratios, leverage ratio and liquidity coverage ratio (form for publication) as at 1 January 2020, the cash flow statement (form for publication) as at 1 January 2020, the explanatory notes.

In our opinion, the accompanying annual financial statements present fairly, in all material respects, the financial position of the Bank as at 1 January 2020, and its financial performance and its cash flows for the year 2019 in accordance with the requirements of Russian rules for preparation of the annual financial statements by credit institutions.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Annual Financial Statements* section of our report. We are independent of the Bank in accordance with the independence requirements that are relevant to our audit of the annual financial statements in the Russian Federation and with the International Code of Ethics for Professional Accountants (including International Independence Standards), and we have fulfilled our other ethical responsibilities in accordance with the requirements in the Russian Federation and the International Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audited entity: Bank ICBC (joint stock company).

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

Moscow, Russia.

Independent auditor: 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-regulatory Organization of Auditors Association "Sodruzhestvo" (SRO AAS). The Principal Registration Number of the Entry in the Register of Auditors and Audit Organisations: No. 12006020351.

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 the requirements of Russian rules for preparation of the annual financial statements by credit institutions, 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 Bank'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 Bank or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 judgment and maintain professional scepticism throughout the audit. We also:

- 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.
- 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 Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- 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.

Report of findings from procedures performed in accordance with the requirements of Federal Law No 395-1, dated 2 December 1990, *On Banks and Banking Activity*

Management is responsible for the Bank's compliance with mandatory ratios and for maintaining internal controls and organizing risk management systems in accordance with the requirements established by the Bank of Russia.

In accordance with Article 42 of Federal Law No 395-1, dated 2 December 1990 *On Banks and Banking Activity* (the "Federal Law"), we have performed procedures to examine:

- the Bank's compliance with mandatory ratios as at 1 January 2020 established by the Bank of Russia; and
- whether the elements of the Bank's internal control and organization of its risk management systems comply with the requirements established by the Bank of Russia.

These procedures were selected based on our judgment, and were limited to the analysis, inspection of documents, comparison of the Bank's internal policies, procedures and methodologies with the applicable requirements established by the Bank of Russia, and recalculations, comparisons and reconciliations of numerical data and other information.

Our findings from the procedures performed are reported below.

- Based on our procedures with respect to the Bank's compliance with the mandatory ratios established by the Bank of Russia, we found that the Bank's mandatory ratios, as at 1 January 2020, were within the limits established by the Bank of Russia.

We have not performed any procedures on the accounting records maintained by the Bank, other than those which we considered necessary to enable us to express an opinion as to whether the Bank's annual financial statements present fairly, in all material respects, the financial position of the Bank as at 1 January 2020, and its financial performance and its cash flows for the year 2019 in accordance with the requirements of Russian rules for preparation of the annual financial statements by credit institutions.

- Based on our procedures with respect to whether the elements of the Bank's internal control and organization of its risk management systems comply with the requirements established by the Bank of Russia, we found that:
 - as at 31 December 2019, the Bank's internal audit function was subordinated to, and reported to, the Board of Directors, and the risk management function was not subordinated to, and did not report to, divisions taking relevant risks in accordance with the regulations and recommendations issued by the Bank of Russia;
 - the Bank's internal documentation, effective on 31 December 2019, establishing the procedures and methodologies for identifying and managing the Bank's significant credit, market, operational, concentration, liquidity and interest rate risks,

and for stress-testing, was approved by the authorised management bodies of the Bank in accordance with the regulations and recommendations issued by the Bank of Russia;

- as at 31 December 2019, the Bank maintained a system for reporting on the Bank's significant credit, market, operational, concentration, liquidity and interest rate risks, and on the Bank's capital;
- the frequency and consistency of reports prepared by the Bank's risk management and internal audit functions during 2019, which cover the Bank's credit, market, operational, concentration, liquidity and interest rate risk management, was in compliance with the Bank's internal documentation. The reports included observations made by the Bank's risk management and internal audit functions as to their assessment of the effectiveness of the Bank's procedures and methodologies, and recommendations for improvement;
- as at 31 December 2019, the Board of Directors and Management Board of the Bank had responsibility for monitoring the Bank's compliance with the risk limits and capital adequacy ratios established in the Bank's internal documentation. In order to monitor the effectiveness of the Bank's risk management procedures and their consistent application during 2019, the Board of Directors and Management Board of the Bank periodically discussed the reports prepared by the risk management and internal audit functions, and considered the proposed corrective actions.

Procedures with respect to elements of the Bank's internal control and organization of its risk management systems were performed solely for the purpose of examining whether these elements, as prescribed in the Federal Law and as described above, comply with the requirements established by the Bank of Russia.

The engagement partner on the audit resulting in this independent auditors' report is:



Mesheryakov S.Y.

JSC "KPMG"

Moscow, Russia

10 April 2020

Banking Statutory Financial Statements

Territory Code	Credit Institution's (Branch's) code	
OKATO	OKPO	Registration number (/index number)
45286580	83086298	3475

BALANCE SHEET
(published form)
for the year 2019

Credit institution: Bank ICBC (Joint Stock Company)/ Bank ICBC (JSC)
Address (location) of the credit institution: 29 Serebryanicheskaya Emb, Moscow, 109028

Form Code by OKUD No. 0409806
Quarterly (Annual)

Line No.	Caption	Notes	As for the reporting period, thousand roubles	As for the previous period, thousand roubles
1	2	3	4	5
I. ASSETS				
1	Cash	4.1	62532	62765
2	Amounts due from the Central Bank of the Russian Federation	4.1	4096198	1592782
2.1	Obligatory reserves	4.1	330237	488663
3	Amounts due from credit institutions	4.1	4696814	10565870
4	Financial assets measured at fair value through profit or loss	4.2	783509	0
5	Net loan receivables measured at amortized cost	4.4	40911481	0
5a	Net loan receivables	4.4.1	0	42364229
6	Net investment in financial assets measured at fair value through other comprehensive income		0	0
6a	Net investments in securities and other financial assets available-for-sale		0	0
7	Net investments in securities and other financial assets measured at amortised cost (other than outstanding loans)	4.4.2	9098615	0
7a	Net investments in securities held-to-maturity		0	9974669
8	Investments in subsidiaries and associates		0	0
9	Current income tax asset		0	104629
10	Deferred tax asset		0	0
11	Fixed assets, intangible assets and inventories	4.5	80987	101348
12	Non-current assets held for sale		0	0
13	Other assets	4.6	2449	10099
14	Total assets		59732585	64776391
II. LIABILITIES				
15	Loans, deposits and other amounts due to the Central Bank of the Russian Federation		0	0
16	Amounts due to customers measured at amortised cost		46733364	52047842
16.1	Amounts due to credit institutions	4.7	24185140	33151468
16.2	Amounts due to customers other than credit institutions	4.8	22548224	18896374
16.2.1	deposits (funds) of individuals, including individual entrepreneurs	4.8	51674	93785
17	Financial liabilities measured at fair value through profit or loss	4.9	0	0
17.1	deposits (funds) of individuals, including individual entrepreneurs		0	0
18	Debt securities issued		0	0

18.1	measured at fair value through profit or loss		0	0
18.2	measured at amortised cost		0	0
19	Current income tax liability		25306	98737
20	Deferred tax liability		0	0
21	Other liabilities	4.10	208524	129501
22	Provisions for contingent credit-related commitments, other losses and transactions with offshore residents	4.11	30952	284582
23	Total liabilities		46998146	52560662
III. EQUITY				
24	Share capital	4.12	10809500	10809500
25	Treasury shares		0	0
26	Share premium		0	0
27	Reserve fund		267961	230068
28	Revaluation reserve for financial assets measured at fair value through other comprehensive income, net of deferred tax		0	0
29	Revaluation reserve for fixed assets, net of deferred tax		0	0
30	Revaluation of liabilities (claims) on long-term compensation		0	0
31	Revaluation of hedging instruments		0	0
32	Grants and subsidies (contribution to assets)		0	0
33	Change in the fair value of a financial liability due to change in credit risk		0	0
34	Allowance for expected credit losses		0	0
35	Retained earnings (accumulated losses)		1656978	1176161
36	Total equity		12734439	12215729
IV. OFF-BALANCE SHEET LIABILITIES				
37	Credit institution's irrevocable liabilities		10357856	3983405
38	Guarantees and sureties issued by the credit institution		5155022	6791830
39	Non-credit related contingent commitments		0	0

There were no transactions on line 5a Net loan receivables of Section I. ASSETS

There were no transactions on line 6 Net investments in financial assets measured at fair value through other comprehensive income of Section I. ASSETS

There were no transactions on line 6a Net investments in securities and other financial assets available-for-sale of Section I. ASSETS

There were no transactions on line 7a Net investments in securities held-for-maturity of Section I. ASSETS

There were no transactions on line 8 Investments in subsidiaries and associates of Section I. ASSETS

There were no transactions on line 9 Current income tax asset of Section I. ASSETS

There were no transactions on line 10 Deferred tax asset of Section I. ASSETS

There were no transactions on line 12 Non-current assets held for sale of Section I. ASSETS

There were no transactions on line 15 Loans, deposits and other amounts due to the Central Bank of the Russian Federation of Section II. LIABILITIES

There were no transactions on line 17 Financial liabilities measured at fair value through profit or loss of Section II. LIABILITIES

There were no transactions on line 17.1 Deposits (funds) of individuals, including individual entrepreneurs of Section II. LIABILITIES

There were no transactions on line 18 Debt securities issued of Section II. LIABILITIES

There were no transactions on line 18.1 Measured at fair value through profit or loss of Section II. LIABILITIES

There were no transactions on line 18.2 Measured at amortised cost of Section II. LIABILITIES

There were no transactions on line 20 Deferred tax liabilities of Section II. LIABILITIES

There were no transactions on line 25 Treasury shares of Section II. LIABILITIES

There were no transactions on line 26 Share premium of Section III. SOURCES OF EQUITY

There were no transactions on line 28 Revaluation reserve for financial assets measured at fair value through other comprehensive income, net of deferred tax of Section III. SOURCES OF EQUITY

There were no transactions on line 29 Revaluation reserve for fixed assets, net of deferred tax of Section III. SOURCES OF EQUITY

There were no transactions on line 30 Revaluation of liabilities (claims) on long-term compensation of Section III. SOURCES OF EQUITY

There were no transactions on line 31 Revaluation of hedging instruments of Section III. SOURCES OF EQUITY

There were no transactions on line 32 Grants and subsidies (contribution to assets) of Section III. SOURCES OF EQUITY

There were no transactions on line 33 Change in the fair value or financial liability due to change in credit risk of Section III. SOURCES OF EQUITY

There were no transactions on line 34 Allowance for expected credit losses of Section III. SOURCES OF EQUITY

There were no transactions on line 39 Non-credit related contingent commitments of Section IV. OFF-BALANCE SHEET LIABILITIES

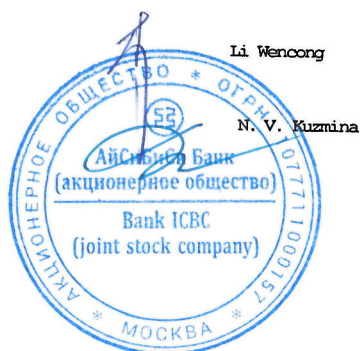
President

Li Wencong

Chief Accountant

N. V. Kuzmina

Telephone number: 287-30-99
10.04.2020



Banking Statutory Financial Statements

Territory Code Credit Institution's (Branch's) code		
OKATO	OKPO	Registration number (/index number)
45286580	83086298	3475

INCOME STATEMENT
(published form)
for the year 2019

Credit institution: Bank ICBC (Joint Stock Company)/ Bank ICBC (JSC)

Address (location) of the credit institution: 29 Serebryanicheskaya Emb, Moscow, 109028

Form Code by OKUD No. 0409807
Quarterly (Annual)

Part 1. Profit or loss

Line No.	Caption	Notes	As for the reporting period, thousand roubles	As for the previous period, thousand roubles
1	2	3	4	5
1	Total interest income, including:	5.1	2418882	2622287
1.1	due from credit institutions	5.1	676269	1168042
1.2	loans to customers other than credit institutions	5.1	1251184	963933
1.3	net investments in finance leases		0	0
1.4	securities	5.1	491429	490312
2	Total interest expense, including:	5.1	1281465	906731
2.1	due to credit institutions	5.1	760626	566379
2.2	due to customers other than credit institutions	5.1	520839	340352
2.3	debt issued		0	0
3	Net interest income (negative interest margin)	2.2; 5.1	1137417	1715556
4	Total change in allowance for impairment and allowance for expected credit losses on loan receivables, amounts on corresponding accounts, and accrued interest income, including:	5.2	184770	-95807
4.1	Change in allowance for impairment and allowance for expected credit losses on accrued interest income		99	1032
5	Net interest income (negative interest margin) after allowance for impairment	5.1	1322187	1619749
6	Net income from transactions with financial assets measured at fair value through profit or loss	5.1	1258302	-106627
7	Net income from transactions with financial liabilities measured at fair value through profit or loss		0	0
8	Net income from transactions with securities measured at fair value through other comprehensive income		0	0
8a	Net income from transactions with securities available-for-sale		0	0
9	Net income from transactions with securities measured at amortized cost	5.1	-146	0
9a	Net income from transactions with securities held-to-maturity		0	969
10	Net income from transactions with foreign currency	5.1; 5.3	425579	130327
11	Net income from foreign exchange revaluation	5.1; 5.3	-908235	435673
12	Net income from transactions with precious metals		0	0
13	Income from equity participation		0	0
14	Fee and commission income	5.1; 5.4	99124	142192
15	Fee and commission expense	5.1; 5.4	41053	11817
16	Change in allowance for impairment and allowance for expected credit losses on securities measured at fair value through other comprehensive income		0	0

16a	Change in allowance for impairment on securities available-for-sale		0	0
17	Change in provision for possible losses and allowance for expected credit losses on securities measured at amortized cost		-3489	0
17a	Change in allowance for impairment on securities held-to-maturity		0	0
18	Change in allowance for other losses	5.2	227937	-271205
19	Other operating income	5.1	30957	11704
20	Net income (expense)	5.6	2411163	1950965
21	Operating expenses	5.1;5.6	865124	875646
22	Profit (loss) before tax	2.2;5.5	1546039	1075319
23	Tax reimbursement (expense)	5.5	307363	317460
24	Profit (loss) from continuing operations	2.2;5.1	1238676	757859
25	Profit (loss) from discontinued operations		0	0
26	Profit (loss) for the reporting period		1238676	757859

Part 2. Other comprehensive income

Line No.	Caption	Notes	As for the reporting period, thousand roubles	As for the previous period, thousand roubles
1	2	3	4	5
1	Profit (loss) for the reporting period	2.2	1238676	757859
2	Other comprehensive income (loss)		X	X
3	Total items that are not reclassified to profit or loss, including:		0	0
3.1	change in revaluation reserve for fixed assets		0	0
3.2	change in remeasurement fund of defined contribution pension plan		0	0
4	Income tax related to items are not be reclassified to profit or loss		0	0
5	Other comprehensive income (loss) is not reclassified to profit or loss, net of income tax		0	0
6	Total items to be reclassified to profit or loss, including:		0	0
6.1	change in revaluation reserve for financial assets measured at fair value through other comprehensive income		0	0
6.1a	change in revaluation reserve for financial assets available-for-sale		0	0
6.2	change in revaluation reserve for financial liabilities at fair value through profit or loss		0	0
6.3	change in cash flow hedging fund		0	0
7	Income tax, related to items to be reclassified to profit or loss		0	0
8	Other comprehensive income (loss) to be reclassified to profit or loss, net of income tax		0	0
9	Other comprehensive income (loss), net of income tax		0	0
10	Comprehensive income (loss) for the reporting period	2.2	1238676	757859

There were no transactions on line 1.3 net investments in finance leases

There were no transactions on line 2.3 debt issued

There were no transactions on line 7 Net income from transactions with financial liabilities measured at fair value through profit or loss

There were no transactions on line 8 Net income from transactions with securities measured at fair value through other comprehensive income

There were no transactions on line 8a Net income from transactions with securities available-for-sale

There were no transactions on line 9a Net income from transactions with securities held-to-maturity

There were no transactions on line 12 Net income from transactions with precious metals

There were no transactions on line 13 Income from equity participation

There were no transactions on line 16 Change in allowance for impairment and allowance for expected credit losses on securities measured at fair value through other comprehensive income

There were no transactions on line 16a Change in allowance for impairment on securities available-for-sale

There were no transactions on line 17a Change in allowance for impairment on securities held-to-maturity

There were no transactions on line 25 Profit (loss) from discontinued operations

President

Li Wencong

Chief Accountant

N. V. Kuzmina

Telephone number: 287-30-99
10.04.2020



Banking Statutory Financial Statements

Territory Code	Credit Institution's (Branch's) code	
OKATO	OKPO	Registration number (/index number)
45286580	83086298	3475

STATEMENT ON CAPITAL ADEQUACY FOR RISK COVERAGE
(published form)

as at 01.01.2020

Credit institution: Bank ICBC (Joint Stock Company)/ Bank ICBC (JSC)

Address (location) of the credit institution: 29 Serebryanicheskaya Emb, Moscow, 109028

Form Code by OKUD No.0409808
Quarterly (Annual)

Section 1. Information on Capital Adequacy

Line No.	Instrument (item)	Notes	Instrument value (amount of item) as at the reporting date, RUB thousand	Instrument value (amount of item) as at the beginning of the reporting year, RUB thousand	Reference to lines of the balance sheet (published form), which are sources of elements of the equity
1	2	3	4	5	6
Sources of core capital					
1	Total share capital and share premium, including:	9	10809500.0000	10809500.0000	24,26
1.1	ordinary shares	9	10809500.0000	10809500.0000	24,26
1.2	preference shares		0.0000	0.0000	
2	Retained earnings (accumulated losses):		418302.0000	418302.0000	35
2.1	previous years		418302.0000	418302.0000	35
2.2	reporting year		0.0000	0.0000	35
3	Reserve fund	9	267961.0000	230068.0000	27
4	Part of share capital subject to gradual elimination from the calculation of equity		not applicable 0.0000	not applicable 0.0000	
5	Subsidiaries' core capital instruments held by third parties		not applicable 0.0000	not applicable 0.0000	
6	Total sources of core capital (line 1 +/- line 2 + line 3 - line 4 + line 5)		11495763.0000	11457870.0000	

Items reducing the sources of core capital:				
7	The adjustment of the financial instrument value		0.0000	0.0000
8	Goodwill, net of deferred tax		0.0000	0.0000
9	Intangible assets (excluding goodwill and rights to mortgage loan servicing), net of deferred tax		37528.0000	43386.0000 ¹¹
10	Deferred tax assets dependent on future profit		0.0000	0.0000
11	Cash flow hedging provision		0.0000	0.0000
12	Insufficient allowance for impairment		0.0000	0.0000
13	Income from securitization		not applicable 0.0000	not applicable 0.0000
14	Gains and losses related to change in credit risk for liabilities measured at fair value		not applicable 0.0000	not applicable 0.0000
15	Defined benefit plan assets		not applicable 0.0000	not applicable 0.0000
16	Investments in treasury shares		0.0000	0.0000
17	Mutual cross-ownership of core capital instruments		0.0000	0.0000
18	Insignificant investments in core capital of financial institutions		0.0000	0.0000
19	Significant investments in core capital of financial institutions		0.0000	0.0000
20	Rights to mortgage loans servicing		not applicable 0.0000	not applicable 0.0000
21	Deferred tax assets independent on future profit		0.0000	0.0000
22	Total amount of significant investments and deferred tax assets excess of 15% of core capital, including:		0.0000	0.0000
23	significant investments in core capital of financial institutions		0.0000	0.0000
24	rights to mortgage loans servicing		not applicable 0.0000	not applicable 0.0000
25	deferred tax assets independent on future profit		0.0000	0.0000
26	Other items reducing the sources of core capital established by the Bank of Russia		0.0000	0.0000
27	Negative additional capital		0.0000	0.0000
28	Total items reducing the sources of core capital (sum of lines 7-22, 26 and 27)		37528.0000	43386.0000
29	Total core capital (line 6 - line 28)		11458235.0000	11414484.0000

Sources of additional capital				
30	Instruments of the additional capital and share premium, total, including:		0.0000	0.0000
31	classified as capital		0.0000	0.0000
32	classified as liabilities		0.0000	0.0000
33	Instruments of additional capital, subject to gradual elimination from the calculation of equity		0.0000	0.0000
34	Subsidiaries' additional capital instruments held by third parties, including:		not applicable 0.0000	not applicable 0.0000
35	Subsidiaries' additional capital instruments held by third parties, subject to gradual elimination from the calculation of equity		not applicable 0.0000	not applicable 0.0000
36	Total sources of additional capital (line 30 + line 33 + line 34)		0.0000	0.0000
Items reducing the sources of additional capital				
37	Investments in own instruments of additional capital		0.0000	0.0000
38	Mutual cross-ownership of additional capital instruments		0.0000	0.0000
39	Insignificant investments in additional capital of financial institutions		0.0000	0.0000
40	Significant investments in additional capital of financial institutions		0.0000	0.0000
41	Other items reducing the sources of additional capital established by the Bank of Russia		0.0000	0.0000
42	Negative additional capital		0.0000	0.0000
43	Items reducing sources of additional capital (sum of lines 37-42)		0.0000	0.0000
44	Total additional capital (line 36 - line 43)		0.0000	0.0000
45	Total primary capital (line 29 + line 44)	9	11458235.0000	11414484.0000
Sources of supplementary capital				
46	Instruments of the supplementary capital and share premium		7818875.0000	9089504.0000
47	Instruments of supplementary capital, subject to gradual elimination from the calculation of equity		0.0000	0.0000
48	Subsidiaries' supplementary capital instruments held by third parties, including:		not applicable 0.0000	not applicable 0.0000
49	Subsidiaries' supplementary capital instruments held by third parties, subject to gradual elimination from the calculation of equity		not applicable 0.0000	not applicable 0.0000

150	Allowance for impairment		0.0000	0.0000	
151	Total sources of supplementary capital (line 46 + line 47 + line 48 + line 50)	16	7818875.0000	9089504.0000	
Items reducing the sources of supplementary capital					
152	Investments in own instruments of supplementary capital		0.0000	0.0000	
153	Mutual cross-ownership of supplementary capital instruments		0.0000	0.0000	
154	Insignificant investments in supplementary capital instruments and other instruments that provide the total loss-absorbing capacity of financial institutions		0.0000	0.0000	
154a	investments in other instruments that provide the total loss-absorbing capacity financial institutions		0.0000	0.0000	
155	Significant investments in supplementary capital instruments and other instruments that provide the total loss-absorbing capacity of financial institutions		0.0000	0.0000	
156	Other items reducing the sources of supplementary capital established by the Bank of Russia, including:		0.0000	0.0000	
156.1	receivables overdue for more than 30 calendar days		0.0000	0.0000	
156.2	excess of the total amount of loans, bank guarantees and sureties provided to own shareholders (participants) and insiders over its maximum size		0.0000	0.0000	
156.3	investments in construction and acquisition of fixed assets and inventory		0.0000	0.0000	
156.4	difference between the actual cost of share due to retired participants and the cost of share sold to another participant		0.0000	0.0000	
157	Total items reducing the sources of supplementary capital (sum of lines 52 - 56)		0.0000	0.0000	
158	Total supplementary capital (line 51 - line 57)	19	7818875.0000	9089504.0000	
159	Total equity (capital) (line 45 and line 58)	19	19277110.0000	20503988.0000	
160	Risk-weighted assets:		X	X	X
160.1	used for calculation of core capital adequacy		50902378.0000	56299082.0000	
160.2	used for calculation of primary capital adequacy		50902378.0000	56299082.0000	
160.3	used for calculation of equity (capital) adequacy		50902378.0000	56299082.0000	
Equity (capital) adequacy ratio and buffers on equity (capital) adequacy ratio requirements, percentage					
161	Core capital adequacy (line 29 / line 160.1)	19	22.5100	20.2750	

62	Primary capital adequacy (line 45 / line 60.2)	9	22.5100	20.2750
63	Equity (capital) adequacy (line 59 / line 60.3)	9	37.8710	36.4200
64	Core capital adequacy ratio buffers, total, including:	9	6.7500	6.3750
65	capital conservation buffer		2.2500	1.8750
66	countercyclical buffer		0.0000	0.0000
67	systemic importance buffer		not applicable 0.0000	not applicable 0.0000
68	Core capital available for directing to support of equity (capital) adequacy		16.5100	14.2750
Equity (capital) adequacy ratio requirements, percentage				
69	Core capital adequacy ratio		4.5000	4.5000
70	Primary capital adequacy ratio		6.0000	6.0000
71	Equity (capital) adequacy ratio		8.0000	8.0000
Items not exceeding the applicable materiality thresholds and not accepted for the reduction of sources of capital				
72	Insignificant investments in capital instruments and other instruments that provide the total loss-absorbing capacity of financial institutions		0.0000	0.0000
73	Significant investments in core capital instruments of financial institutions		0.0000	0.0000
74	Rights to mortgage loans servicing		not applicable 0.0000	not applicable 0.0000
75	Deferred tax assets independent on future profit		0.0000	0.0000
Restrictions on the inclusion of allowance for impairment in the calculation of supplementary capital				
76	Allowance for impairment included in calculation of supplementary capital related to credit risk calculation by standardized approach		not applicable 0.0000	not applicable 0.0000
77	Restrictions for inclusion in calculation of supplementary capital allowance for impairment by standardized approach		not applicable 0.0000	not applicable 0.0000
78	Allowance for impairment included in calculation of supplementary capital, related to credit risk calculation by internal models		0.0000	0.0000
79	Restrictions for inclusion in calculation of supplementary capital allowance for impairment by by internal models		0.0000	0.0000

Instruments subject to gradual exclusion from the calculation of equity (capital) (applies from January 1, 2018 to January 1, 2022)				
80	The current limitation on including instruments subject to gradual elimination from the calculation of equity (capital) in the core capital sources		0.0000	0.0000
81	Instruments not included in core capital sources due to limitations		0.0000	0.0000
82	The current limitation on including instruments subject to gradual elimination from the calculation of equity (capital) in the additional capital sources		0.0000	0.0000
83	Instruments not included in additional capital sources due to limitations		0.0000	0.0000
84	The current limitation on including instruments subject to gradual elimination from the calculation of equity (capital) in the supplementary capital sources		0.0000	0.0000
85	Instruments not included in supplementary capital sources due to limitations		0.0000	0.0000

Note.

Information on the balance sheet that is the source for Section 1 of the Report is given in Table N 1.1 of Section I "Information on the Structure of Equity Capital)". Information on the applicable risk and capital management procedures disclosed on <http://www.icbc.com.cn/ICBC/%e6%b5%b7%e5%a4%96%e5%88%86%e8%a1%8c/%e8%b8%ab%e6%96%af%e7%a7%91%e7%bd%9>

Section 1.1. Information on Capital Adequacy

Line No.	Instrument (item)	Notes	Instrument value (amount of item) as at the reporting date, RUB thousand	Instrument value (amount of item) as at the beginning of the reporting year, RUB thousand
1	2	3	4	5
1	Total share capital and share premium, including:			
1.1	ordinary shares			
1.2	preference shares			
2	Retained earnings (accumulated losses):			
2.1	previous years			
2.2	reporting year			
3	Reserve fund			
4	Total sources of core capital (line 1 +/- line 2 + line 3)			

5	Items reducing the sources of core capital, including:			
5.1	insufficient allowance for impairment			
5.2	investments in treasury shares			
5.3	negative additional capital			
6	Core capital (line 4 - line 5)			
7	Sources of additional capital			
8	Items reducing the sources of additional capital, including:			
8.1	investments in own instruments of additional capital			
8.2	negative additional capital			
9	Additional capital (line 7 - line 8)			
10	Primary capital (line 6 and line 9)			
11	Total sources of supplementary capital, including:			
11.1	allowance for impairment			
12	Items reducing the sources of supplementary capital, including:			
12.1	investments in own instruments of supplementary capital			
12.2	receivables overdue for more than 30 calendar days			
12.3	excess of the total amount of loans, bank guarantees and sureties provided to own shareholders (participants) and insiders over its maximum size			
12.4	investments in construction and acquisition of fixed assets and inventory			
12.5	difference between the actual cost of share due to retired participants and the cost of share sold to another participant			
13	Total supplementary capital (line 11 - line 12)			
14	Total equity (capital) (line 10 and line 13)			
15	Risk-weighted assets			
15.1	used for calculation of core capital adequacy			
15.2	used for calculation of equity (capital) adequacy			

Section 2. Information on the Level of Credit, Operating and Market Risks Covered by Capital

Subsection 2.1. Credit Risk

No.	Item	Notes	As at the reporting date			As at the beginning of the year		
			Value of assets (instruments) measured using standard approach, thousand roubles	Assets (instruments) net of the recognised allowance for possible loss, thousand roubles	Risk-weighted value of assets (instruments), thousand roubles	Value of assets (instruments) measured using standard approach, thousand roubles	Assets (instruments) net of the recognised allowances for possible loss, thousand roubles	Risk-weighted value of assets (instruments), thousand roubles
1	2	3	4	5	6	7	8	9
1	Credit risk on assets recorded on balance sheet accounts, total, including:							
1.1	assets with <1> 0% risk factor							
1.2	assets with 20% risk factor							
1.3	assets with 50% risk factor							
1.4	assets with 100% risk factor							
1.5	Assets with 150% risk factor - credit and other claims to central banks or governments of countries having country ratings "7" (2)							
2	Total assets with other risk factors, including:	X	X	X	X	X	X	X
2.1	Total assets with the reduced risk factors, including:							
2.1.1	mortgage loans with risk factors of 35%							
2.1.2	mortgage loans with risk factors of 50%							
2.1.3	mortgage loans with risk factors of 70 %							
2.1.4	mortgage and other loans with risk factors of 75 %, including due from small and medium enterprises							
2.1.5	claims of clearing participants							
2.2	Total assets with increased risk factors, including:							
2.2.1	with the risk factor of 110%							
2.2.2	with the risk factor of 130%							
2.2.3	with the risk factor of 150%							
2.2.4	with the risk factor of 250%							
2.2.5	with the risk factor of 300%							

12.2.6	Total with the risk factor of 1250%, including:								
12.2.6.1	on cession to mortgage agents or specialized entities of receivables, including secured by deeds of pledge								
13	Total consumer loans, including:								
13.1	with the risk factor of 110%								
13.2	with the risk factor of 120%								
13.3	with the risk factor of 140%								
13.4	with the risk factor of 170%								
13.5	with the risk factor of 200%								
13.6	with the risk factor of 300%								
13.7	with the risk factor of 600%								
14	Total credit risk on contingent credit liabilities, including,								
14.1	on high-risk financial instruments								
14.2	on medium-risk financial instruments								
14.3	on low-risk financial instruments								
14.4	on zero-risk financial instruments								
15	Credit risk on financial derivatives								

<1> Assets are classified by risk groups in accordance with Item 2.3 of Instructions of the Bank of Russia No. 180-I.

<2> Country ratings are given in accordance with classification of Export Credit Agencies participating in the Agreement of countries that are members of the Organization for Economic Cooperation and Development (OECD) On Base Principles for Granting and Utilization of Export Loans Having Official Support (the information on country ratings is published on the official website of OECD in Russia).

Subsection 2.2. Operating Risk

No.	Item	Notes	As at the reporting date	As at the beginning of the year
1	2	3	4	5
16	Total operating risk, (thousand roubles) including:			
16.1	Total income for calculation of capital for operating risk coverage, including:			
16.1.1	net interest income			
16.1.2	net non-interest income			
16.2	Number of years preceding the date of operating risk level calculation			

Subsection 2.3. Market risk

No.	Item	Notes	As at the reporting date, thousand roubles	As at the beginning of the year, thousand roubles
1	2	3	4	5
7	Total cumulative market risk, including:			
7.1	Interest-rate risk			
7.2	Stock market risk			
7.3	Foreign exchange risk			
7.4	Commodities risk			

Section 3. Information on the amount of specific types of assets, credit related commitments, and the amount of provisions established for possible losses

Subsection 3.1. Information on the amount of provisions for possible losses from loans and other assets

No.	Item	Notes	As at the reporting date, thousand roubles	Increase (+)/decrease (-) for the reporting period, thousand roubles	As at the beginning of the year, thousand roubles
1	2	3	4	5	6
1	Actual provisions established for possible losses, total, including:				
1.1	On loan receivables				
1.2	On other assets on balance related to the risk of possible losses and for other losses				
1.3	On contingent credit liabilities and securities, the rights to which are certified by depositories, that do not meet the criteria of the Bank of Russia, posted on off-balance sheet accounts				
1.4	On operations with offshore zones residents				

Subsection 3.2. Information on assets and credit related commitments classified by the decision of the authorized management body of the credit institution to a higher quality category than deriving from formalized credit risk assessment criteria

No.	Item	Amount of claims, thousand roubles	Provision for possible losses				Change in volume of formed provisions	
			according to minimal requirements established by Regulation of Bank of Russia No. 590-P Regulation of Bank of Russia No. 283-P		by the decision of the authorized body		%	thousand roubles
			%	thousand roubles	%	thousand roubles		
1	2	3	4	5	6	7	8	9
1	Receivables from counterparties with the evidence of possible absence of real activity, total, including:							
1.1	loans							
2	Restructured loans							
3	loans to borrowers for redemption of previous loans							
4	Loans used for provision borrowings to third parties and for redemption of previous obligations of other borrowers total, including:							
4.1	to the reporting credit institution							
5	Loans used to acquire and/or repay emission securities							
6	Loans used to make investments in share capitals of other legal entities							
7	Loans resulting from the termination of previous obligations of the borrower by novation or compensation for termination							
8	Contingent credit liabilities to counterparties with the evidence of possible absence of real activity							

Section 3.3. information on securities the rights for which are certified by depositories, provisions for possible losses for which are formed in accordance with the Order of the Bank of Russia No.2732-U

No.	Item	Carrying value of securities	Fair value of securities	thousand roubles		
				Formed provision for possible losses		
				in accordance with the Resolution of the Bank of Russia No.283-P	in accordance with the Order of the Bank of Russia No.2732-U	total
1	2	3	4	5	6	7
1.	Securities, total, including:					

1.1	the rights for which are certified by foreign depositories					
2.	Equity securities, total, including:					
2.1	the rights for which are certified by foreign depositories					
3.	Debt securities, total, including:					
3.1	the rights for which are certified by foreign depositories					

Subsection 3.4 Information about encumbered and unencumbered assets

thousand roubles						
No.	Item	Carrying amount of encumbered assets		Carrying amount of unencumbered assets		
		Total	including related to liabilities to the Bank of Russia	Total	including related to liabilities to the Bank of Russia	
1	2	3	4	5	6	
1.1	Total assets, including:					
2.	Equity securities, total, including:					
2.1	of credit organisations					
2.2	of legal entities other than credit organisations					
3.	Debt securities, total, including:					
3.1	of credit organisations					
3.2	of legal entities other than credit organisations					
4.	Amounts on correspondent accounts with credit organisations					
5.	Interbank loans (deposits)					
6.	Loans to legal entities other than credit organisations					
7.	Loans to individuals					
8.	Fixed assets					
9.	Other assets					

Section 5. Main parameters of capital instruments

No. / Feature of capital instrument	Short name of issuer of capital instrument	Instrument ID number	Applicable law	To other instruments of total capacity to absorb losses	Regulatory conditions					
					Capital level of the instrument during the "Basel III" transition period	Capital level of the instrument after the "Basel III" transition period	Consolidation level where the instrument is included in capital	Instrument type	Instrument's value included in capital calculation	Nominal instrument's value
	1	2	3	3a	4	5	6	7	8	9
1 IBCB Bank (JSC)		10103475B	643 (RUSSIAN FEDERATION)		not applicable	core capital	not applicable	Ordinary shares	10809500	10809500, Russian ruble
2 Industrial and Commercial Bank of China Limited (PRC)			643 (RUSSIAN FEDERATION)		not applicable	additional capital	not applicable	Subordinated loan	2476228	500000, USD
3 IBCB Bank (JSC)			643 (RUSSIAN FEDERATION)		not applicable	additional capital	not applicable	Subordinated loan	4333399	700000, USD

Section 5. Continued

No. / Feature of capital instrument	Regulatory conditions							Interest / dividends / coupon income				
	Accounting classification of the instrument	Instrument's issue date (attracted, placed)	Term of the instrument	Maturity date (of the instrument)	Instrument with early buyback (repayment) option, agreed with the Bank of Russia	Initial early buyback (repayment) option date (dates), terms of such option and buyback (repayment) amount	Subsequent early buyback (repayment) option date (dates)	Interest rate type on the instrument	Rate	Conditions when payments of dividends on common stocks are terminated	Obligation to pay dividends	Conditions that stipulate increase of payments on the instrument or other incentives for early buyback (repayment) of the instrument
	10	11	12	13	14	15	16	17	18	19	20	21
1 share capital		13.09.2007	perpetual	not applicable	not applicable	not applicable	not applicable	not applicable	not applicable/ not applicable	not applicable	at the sole discretion of credit institution (parent CI and/or member of banking group)	no
		30.10.2012										
		24.03.2017										
2 liability measured at carrying value		29.10.2013	term	30.10.2023	no	not applicable	not applicable	floating rate	3.23/ LIBOR	not applicable	not applicable	no
3 liability measured at carrying value		26.02.2018	term	25.02.2033	no	not applicable	not applicable	floating rate	3.34/ LIBOR	not applicable	not applicable	no

Section 5. Continued

No. / Feature of capital instrument	Interest / dividends / coupon income											
	Nature of payments	Convertibility of the instrument	Conditions when the instrument is converted	Full or partial conversion	Conversion rate	Is conversion obligatory	Level of capital into which the instrument is converted	Short name of capital into which the instrument is converted	Possibility to write off instrument to cover losses	Conditions instrument write- off is subject to	Full or partial write-off	Permanent or temporary write-off
	22	23	24	25	26	27	28	29	30	31	32	33
1 non-cumulative	non-cumulative	non-convertible	not applicable	not applicable	not appl.	not applicable	not applicable	not applicable	yes	86-FZ, 127-FZ	always partial	Permanent
2 non-cumulative	non-cumulative	convertible	Value of core capital adequacy ratio calculated by a CI in accordance with Instruction of the Bank of Russia #180-I has reached a level below 2% in aggregate for 6 or more business days within any 30 consecutive days	fully or partial	1	obligatory	core capital	ICBC Bank (JSC)	yes	by law	fully or partial	Permanent
3 non-cumulative	non-cumulative	convertible	Value of core capital adequacy ratio calculated by a CI in accordance with Instruction of the Bank of Russia #180-I has reached a level below 2% in aggregate for 6 or more business days within any 30 consecutive days	fully or partial	1	obligatory	core capital	ICBC Bank (JSC)	yes	by law	fully or partial	Permanent

Section 5. Continued

No. / Feature of capital instrument	Recovery mechanism	Subordination's type	Subordination of the	Compliance with the requirements of Bank of Russia 645-P and 509-P	Reasons for non-compliance
	34	34a	35	36	37
1	not applicable	not applicable	not applicable	yes	not applicable
2	not applicable	not applicable	yes	yes	not applicable

Section «For reference only»

Information on changes in provision for impairment on loan receivables.

1. Charge (increase) of provision in the reporting period (RUB'000),

Total _____ 0, including due to:

1.1. issue of loans _____ 0;

1.2. change in quality of loans _____ 0;

1.3. change in official foreign exchange rate against Russian ruble set by the Bank of Russia _____ 0;

1.4. other reasons _____ 0.

2. Recovery (decrease) of provision in the reporting period (RUB'000.), total _____ 0, including due to:

2.1. write-off of bad debts _____ 0;

2.2. repayment of loans _____ 0;

2.3. change in quality of loans _____ 0;

2.4. change in official foreign exchange rate against Russian ruble set by the Bank of Russia _____ 0;

2.5. other reasons _____ 0.

President

Li Wencong

Chief Accountant

N. V. Kuzmina

Telephone number: (495) 287-30-99
10.04.2020



Banking Statutory Financial Statements

Territory Code Credit Institution's (Branch's) code		
OKATO	OKPO	Registration number (/index number)
45286580	83086298	3475

STATEMENT ON CHANGES IN EQUITY OF CREDIT ORGANISATION
(published form)
as at 01.01.2020

Credit institution: Bank ICBC (Joint Stock Company)/ Bank ICBC (JSC)

Address (location) of the credit institution: 29 Serebryanicheskaya Emb, Moscow, 109028

Form Code by OKUD No 0409810
Quarterly (Annual)
thousand roubles

Nb.	Item	Notes	Share capital	Treasury shares	Share premium	Revaluation reserve for securities available-for-sale, net of deferred tax	Revaluation reserve for fixed assets, net of deferred tax	Increase (decrease) in liabilities (claims) for the payment of long-term employee remuneration upon termination of labor activity (due to revaluation)	Revaluation of hedging instruments	Reserve fund	Grants and subsidies financing (contribution to assets)	Change in the fair value of financial liability due to change in credit risk	Allowance for expected credit losses	Retained earnings (accumulated losses)	Total equity
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	As at the beginning of the prior reporting year		10809500.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	174710.0000	0.0000	0.0000	0.0000	2830408.0000	13814618.0000
2	Effect of changes in accounting policies														
3	Effect of error correction														
4	As at the beginning of the prior reporting period (adjusted)		10809500.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	174710.0000	0.0000	0.0000	0.0000	2830408.0000	13814618.0000
5	Comprehensive income for the previous reporting period		0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	55359.0000	0.0000	0.0000	0.0000	702501.0000	757859.0000
5.1	profit (loss)		0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	55359.0000	0.0000	0.0000	0.0000	702501.0000	757859.0000
5.2	other comprehensive income														
6	Share issue														
6.1	nominal value														
6.2	share premium														
7	Treasury shares														
7.1	acquisitions														
7.2	disposals														
8	Revaluation of fixed assets and intangible assets														
9	Dividends declared and other payments to shareholders (participants):		0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	-2356748.0000	-2356748.0000

9.1	on ordinary shares		0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	-2355748.0000	-2355748.0000
9.2	on preferred shares														
10	Other contributions of shareholders (participants) and distribution to shareholders (participants)														
11	Other movements														
12	As at the corresponding reporting period of last year	10809500.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	230068.0000	0.0000	0.0000	0.0000	1176161.0000	12215729.0000	
13	As at the beginning of the reporting period	10809500.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	230068.0000	0.0000	0.0000	0.0000	1176161.0000	12215729.0000	
14	Effect of changes in accounting policies														
15	Effect of error correction														
16	As at the beginning of the reporting year (adjusted)	10809500.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	230068.0000	0.0000	0.0000	0.0000	1176161.0000	12215729.0000	
17	Comprehensive income for the reporting period:	16	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	37893.0000	0.0000	0.0000	0.0000	1200783.0000	1238576.0000	
17.1	profit (loss)		0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	37893.0000	0.0000	0.0000	0.0000	1200783.0000	1238576.0000	
17.2	other comprehensive income														
18	Share issue														
18.1	nominal value														
18.2	share premium														
19	Treasury shares														
19.1	acquisitions														
19.2	disposal														
20	Revaluation of fixed assets and intangible assets														
21	Dividends declared and other payments in favor of shareholders (participants):		0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	-719966.0000	-719966.0000
21.1	for ordinary shares		0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	-719966.0000	-719966.0000
21.2	for preferred shares														
22	Other contributions of shareholders (participants) and distribution to shareholders (participants)														
23	Other movements														
24	As at the end of the reporting period	10809500.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	267961.0000	0.0000	0.0000	0.0000	1656978.0000	12734439.0000	

President

Chief Accountant

Telephone number: 287-30-99
10.04.2020



Territory Code	Credit Institution's (Branch's) code	
OKATO	OKPO	Registration number (/index number)
45286580	83086298	3475

INFORMATION ON MANDATORY RATIOS, THE FINANCIAL LEVERAGE RATIO AND THE SHORT-TERM LIQUIDITY RATIO
(published form)
as at 01.01.2020

Credit institution: Bank ICBC (Joint Stock Company) / Bank ICBC (JSC)

Address (location) of the credit institution: 29 Serebryanicheskaya Emb, Moscow, 109028

Form Code by OKUD No. 0409813
Quarterly (Annual)

Section 1. Information on Mandatory ratios

No.	Ratio	Notes	Actual value				
			As at the reporting date	One quarter before the reporting date	Two quarters before the reporting date	Three quarters before the reporting date	Four quarters before the reporting date
1	2	3	4	5	6	7	8
CAPITAL, RUB thousand							
1	One capital	10	1145825	11456736	12175281	11415998	11414484
1a	One capital with the full application of the ECL model net of transition effect	10	1145825	11456736	12175281	11415998	10
2	Primary capital	10	1145825	11456736	12175281	11415998	11414484
2a	Primary capital with the full application of the ECL model	10	1145825	11456736	12175281	11415998	10
3	Equity (capital)	10	19277110	19559274	20140608	20259087	20213998
3a	Equity (capital) with the full application of the ECL model	10	19505720	19559273	20382134	20091063	10
RISK-WEIGHTED ASSETS, RUB thousand							
4	Risk-weighted assets	10	50902378	50488991	49386198	50641966	56290082
CAPITAL ADEQUACY RATIOS, percent							
5	One capital adequacy ratio NL1 (N1.1)	10	22.510	22.682	24.804	22.543	20.275
5a	One capital adequacy ratio with the full application of the ECL model	10	22.373	22.526	24.499	22.561	10
6	Primary capital adequacy ratio NL2 (N2.2)	10	22.510	22.682	24.804	22.543	20.275
6a	Primary capital adequacy ratio with the full application of the ECL model	10	22.373	22.526	24.499	22.561	10
7	Equity (capital) adequacy ratio NL0 (N1.3, N2.0)	10	37.871	39.019	41.031	39.997	36.420
7a	Equity (capital) adequacy ratio with the full application of the ECL model	10	37.916	39.245	41.032	39.706	10

BUFFERS ON CORE CAPITAL (percentage from risk-weighted assets)																	
8	Capital conservation buffer	10	12.25	12.125	12	11.875	11.875										
9	Countercyclical buffer		10	10	10	10	10										
10	Systemic importance buffer		10	10	10	10	10										
11	Equity (capital) adequacy ratio buffers, total (line 8 + line 9 + line 10)		12.250	12.125	12.000	11.875	11.875										
12	Core capital available for deducting to support of equity (capital) adequacy	10	116.51	116.682	118.804	116.543	114.275										
FINANCIAL SOUNDNESS RATIO																	
13	Amount of balance sheet assets and off-balance liabilities at risk for calculation of financial leverage ratio, RUB thousand	10	1666515	1631863	1631243	1647539	171975132										
14	Financial leverage ratio of the bank (N1.4), the banking group (N1.4), percentage	10	117.136	118.008	118.280	117.621	115.881										
14a	Financial leverage ratio with the full application of the ECL model, percentage	10	116.988	117.865	118.121	117.621	110										
LIQUIDITY COVERAGE RATIO																	
15	Highly liquid assets, thous. RUB	10	10	10	10	10	10										
16	Net expected cash outflow, thous. RUB	10	10	10	10	10	10										
17	Liquidity coverage ratio (N6 (N7), percentage)	10	10	10	10	10	10										
STRUCTURAL LIQUIDITY RATIO (NET STABLE FINANCING RATIO)																	
18	Available stable funding (ASF), thous. RUB	10	10	10	10	10	10										
19	Required stable funding (RSF), thous. RUB	10	10	10	10	10	10										
20	Structural liquidity ratio (net stable funding ratio) (N8 (N9), percentage)	10	10	10	10	10	10										
RATIOS LIMITING CREDIT RISK WEBS, percentage																	
21	Quick liquidity ratio (N2)	10	155.496	183.241	1101.070	169.076	146.698										
22	Current liquidity ratio (N3)	10	185.026	174.245	186.748	171.141	173.385										
23	Long-term liquidity ratio (N4)	10	169.450	174.503	170.791	173.190	175.344										
24	Maximum exposure on one borrower or a group of related borrowers ratio (N5 (N2))		Maximum	Number of violations	Duration	Maximum	Number of violations	Duration	Maximum	Number of violations	Duration	Maximum	Number of violations	Duration	Maximum	Number of violations	Duration
			118.4			118.0			117.6			117.5			118.3		
25	Maximum major credit exposures ratio (N7 (N2))		1189.954	1183.599	1168.331	1181.536	1188.584										
26	Total exposure on bank's insiders ratio (N0.1)		10	10	10	10	10										
27	Utilization ratio of on-funds (capital) for purchase of shares (instruments) of other legal entities (N2 (N3))		10	10	10	10	10										

28	Maximum risk exposure on a related party of the bank (group of related parties) N2	Maximal	Number of violations	Duration	Maximal	Number of violations	Duration	Maximal	Number of violations	Duration	Maximal	Number of violations	Duration	Maximal	Number of violations	Duration
		15.1			10.1			13.2			18.7			18.8		
29	Adaptivity ratio of central counterparty total resources N10P	10			10			10			10			10		
30	Adaptivity ratio of central counterparty individual clearing collateral N10P	10			10			10			10			10		
31	Central counterparty liquidity ratio N10P	10			10			10			10			10		
32	Maximum concentration risk ratio	10			10			10			10			10		
33	Liquidity ratio of a non-banking credit institution entitled to receive transfers of funds without opening bank accounts and other related bank transactions N15.1	10			10			10			10			10		
34	Ratio of maximum exposure to customers involved in settlements for completion of settlement N16	10			10			10			10			10		
35	Ratio of loans to borrowers, other than those involved in settlements, from non-banking settlement credit institutions on their own behalf and for their own account N16.1	10			10			10			10			10		
36	Ratio of the maximum bill of exchange liability of non-banking settlement credit institutions N16.2	10			10			10			10			10		
37	Minimum ratio of mortgage coverage and the volume of issue of mortgage-backed bonds N18	10			10			10			10			10		

Section 2. Information on calculation of the financial leverage ratio (N1.4)

Subsection 2.1 Calculation of the amount of balance sheet assets and off-balance liabilities at risk for calculation the financial leverage ratio (N1.4)

No.	Item	Notes	Amount, thousand roubles
1	2	3	4
1	Total amount of the assets in accordance to balance sheet (published form)		59732585
2	Adjustment for investments in the capital of credit, financial, insurance and other organizations, which reporting data are included in the consolidated financial statements but are not included in the calculation of equity (capital), mandatory ratios and amounts (limits) of open currency position of the banking group		not applicable for credit institution as a legal entity
3	Adjustments for fiduciary assets recognized in accordance with accounting rules, but not included in the calculation of the financial leverage ratio	6	0

4	Adjustment for derivative financial instruments (DFI)		0
5	Adjustment for securities lending transactions		0
6	Adjustment for aligning credit related commitments to credit equivalent		8261176
7	Other adjustments		1184763
8	Total amount of balance sheet assets and off-balance liabilities at risk used in calculation of the financial leverage ratio	6	66808998

Subsection 2.2. Calculation of the financial leverage ratio (N1.4)

No.	Item	Notes	Amount, thousand roubles
1	2	3	4
Balance sheet assets risk			
1	Total amount of balance sheet assets		58641387.00
2	Deduction adjustment for the sum of items, which decrease the amount of the sources of primary capital		37528.00
3	Total amount of adjusted balance sheet assets at risk (the difference between the lines 1 and 2)	6	58603859.00
Risk from the transactions with DFI			
4	Total current credit risk on DFI transactions (net of variation margin)		0.00
5	Total potential credit risk per counterparty on DFI transactions		0.00
6	Adjustment in the sum of nominal value of the collateral on DFI transactions, to be written off from the balance sheet in accordance with the accounting rules		not applicable
7	Deduction for the variation margin listed in prescribed cases		0.00
8	Adjustment regarding the bank's claims-clearing participant to the central counterparty for the execution of customer transactions		0.00
9	Adjustment to account for credit risk of basic assets under credit DFIs issued		0.00
10	Deduction for the issued credit DFIs		0.00
11	Total adjusted risk amount for DFIs (the sum of lines 4, 5, 9 less lines 7, 8, 10)		0.00

Risk from the securities lending transactions			
12	Total claims on securities lending transactions (without netting)		0.00
13	Adjustment in the sum of monetary value's netting (claims and obligations) on securities lending transactions		0.00
14	Credit risk exposure on a counterparty on securities lending transactions		0.00
15	Credit risk exposure on guarantee securities lending transactions		0.00
16	Total adjusted claims on securities lending transactions (the sum of lines 12, 14, 15 less line 13):		0.00
Risk from credit related commitments (CRV)			
17	Total nominal risk amount for credit related commitments (CRV)		12794351.00
18	Adjustment regarding the use of credit equivalent factors		4533175.00
19	Total adjusted risk amount for credit related commitments (CRV) (difference between lines 17 and 18)		8261176.00
Risk capital			
20	Primary capital	6	11458235.00
21	Total amount of balance sheet assets and off-balance liabilities at risk for the calculation of the financial leverage ratio (the sum of lines 3, 11, 16, 19)	6	66865035.00
Financial leverage ratio			
22	Financial leverage ratio on Basel III (line 20 / line 21), %	6	17.14

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

No.	Item	Notes	As at 01.04.2019		As at 01.07.2019		As at 01.10.2019		As at 01.01.2020	
			Amount of claims (liabilities), thousand RUB	Weighted amount of claims (liabilities), thousand RUB	Amount of claims (liabilities), thousand RUB	Weighted amount of claims (liabilities), thousand RUB	Amount of claims (liabilities), thousand RUB	Weighted amount of claims (liabilities), thousand RUB	Amount of claims (liabilities), thousand RUB	Weighted amount of claims (liabilities), thousand RUB
1	2	3	4	5	6	7	8	9	10	11
HIGHLY LIQUID ASSETS										
1	Highly liquid assets (HLA) including additional claims (assets), included in numerator of NS6 (N27)		X		X		X		X	
EXPECTED CASH OUTFLOWS										
2	Total cash of individuals, including:									
3	stable cash funds									
4	unstable cash funds									
5	Total cash of clients without collateral, including:									
6	operating deposits									
7	non-operating deposits (other deposits)									
8	Unsecured debt obligations									
9	Cash of clients with collateral		X		X		X		X	
10	Expected additional cash outflows, total, including:									
11	on financial derivatives and in connection with potential need to additional collateral									
12	related to loss of funding on secured debt instruments									
13	on bank's liabilities related to unused irrevocable and conditionally revocable credit lines and liquidity lines									
14	Expected additional cash outflows under other contractual liabilities									
15	Expected additional cash outflows under other contingent liabilities									
16	Total cash outflow, (line 2 + line 5 + line 9 + (line 10 + line 14 + line 15)		X		X		X		X	

EXPECTED CASH INFLOWS									
17	On transactions of cash provision against security collateral, including reverse repurchase agreements								
18	Under contracts without violation of contract deadlines for performance of obligations								
19	Other inflows								
20	Total cash inflow (line 17 + line 18 + line 19)								
TOTAL ADJUSTED VALUE									
21	HIA net of adjustments calculated with due account of limitations on maximum value of HIA-2B and HIA-2	X		X		X		X	
22	Net expected cash outflow	X		X		X		X	
23	Current liquidity ratio of banking group (B26), credit organisation (B27), percentage	X		X		X		X	

President

Chief Accountant

Telephone number: (495) 287-30-99
10.04.2020



Li Wencong

N. V. Kuzmina

Banking Statutory Financial Statements		
Territory Code	Credit Institution's (Branch's) code	
OKATO	OKPO	Registration number (/index number)
45286580	83086298	3475

STATEMENT OF CASH FLOWS
(published form)
as at 01.01.2020

Credit institution: Bank ICBC (Joint Stock Company) / Bank ICBC (JSC)
Address (location) of the credit institution: 29 Serebryanicheskaya Emb, Moscow, 109028

Form Code by OKUD No.0409814
Quarterly (Annual)

No.	Caption	Notes	Cash flows for reporting period, thousand roubles	Cash flows for reporting period of prior year, thousand roubles
1	2	3	4	5
1	Net cash received from (used in) operating activities			
1.1	Total cash received from (used in) operating activities before changes in operating assets and liabilities, including:		1635549	965714
1.1.1	Interest received		2630521	2625885
1.1.2	Interest paid		-1650491	-689449
1.1.3	Fees and commissions received		99124	142192
1.1.4	Fees and commissions paid		-41053	-11817
1.1.5	Net income from transactions with financial assets measured at fair value through profit or loss, through other comprehensive income		1258302	-106627
1.1.6	Net income from transactions with securities measured at amortized cost		0	0
1.1.7	Net income from transactions with foreign currency		425579	130327
1.1.8	Other operating income		30957	11704
1.1.9	Operating expenses		-842830	-842341
1.1.10	Tax expenses (reimbursement)		-274560	-294160
1.2	Total increase (decrease) of net cash from operating assets and liabilities, including:		-3695522	10253844
1.2.1	Net increase (decrease) of obligatory reserves on accounts in the Central Bank of the Russian Federation		158426	-139903
1.2.2	Net increase (decrease) of financial assets measured at fair value through profit or loss		0	0
1.2.3	Net increase (decrease) of loans receivables	7.4	-3014161	-548331
1.2.4	Net increase (decrease) of other assets		-22181	-50183
1.2.5	Net increase (decrease) of loans, deposits and other funds of the Central Bank of the Russian Federation		0	0
1.2.6	Net increase (decrease) of amounts due to other credit institutions		-5902854	15837136
1.2.7	Net increase (decrease) of amounts due to customers other than credit institutions		5019889	-4622331
1.2.8	Net increase (decrease) of financial liabilities measured at fair value through profit or loss		0	0
1.2.9	Net increase (decrease) of debt issued		0	0
1.2.10	Net increase (decrease) of other liabilities		65359	-222544
1.3	Total for section 1 (line 1.1 + line 1.2)		-2059973	11219558
2	Net cash received from (used in) investment activities			

12.1	Purchase of financial assets measured at fair value through other comprehensive income		0	0
12.2	Proceeds from sale and redemption of financial assets measured at fair value through other comprehensive income		0	0
12.3	Purchase of securities measured at amortized costs		-7354597	-15226263
12.4	Proceeds from redemption of securities measured at amortized costs		7895620	10539080
12.5	Purchase of fixed assets, intangible assets and inventories		-2464	-21094
12.6	Proceeds from sale of fixed assets, intangible assets and inventories		-106	0
12.7	Dividends received		0	0
12.8	Total for section 2 (sum of lines from 2.1 to 2.7)		538453	-4708277
13	Net cash received from (used in) financial activities			
13.1	Contributions of shareholders (participants) into the share capital		0	0
13.2	Purchase of treasury shares		0	0
13.3	Proceeds from sale of treasury shares		0	0
13.4	Dividends paid		-719966	-2356748
13.5	Total for section 3 (sum of lines from 3.1 to 3.4)		-719966	-2356748
14	Effect of foreign exchange rates changes set by the Central Bank of the Russian Federation, on cash and cash equivalents		-965961	1673885
15	Increase (decrease) of cash and cash equivalents	17.4	-3207447	5828418
15.1	Cash and cash equivalents as at the beginning of the reporting year		10915756	5087338
15.2	Cash and cash equivalents as at the end of the reporting period	17.4	7708309	10915756

President

Li Wencong

Chief Accountant

N. V. Kuzmina

Telephone number: (495) (287430-99) НК
10.04.2020





**Bank ICBC (Joint Stock Company)
(Bank ICBC (JSC))**

**EXPLANATORY NOTES
to Annual Financial Statements
for the year 2019**

These explanatory notes are an integral part of the annual financial statements of Bank ICBC (Joint-Stock Company) (the “Bank”) as at 1 January 2020 and for the year 2019. Explanatory notes has been prepared in accordance with the requirements of the Central Bank of the Russian Federation (the “Bank of Russia”) Ordinance dated November 27, 2018, No.4983-U “On the Forms, Procedure and Timeframe for Disclosing Information on Activities by Credit Institutions” (the “Bank of Russia Ordinance No.4983-U”).

These explanatory notes include information on events and transactions that are essential for understanding the changes in the financial position and financial performance of the Bank for the year 2019.

Explanatory notes to the annual financial statements of the Bank is presented in Russian rubles and rounded to the nearest thousand.

1. Significant information about the credit organisation

1.1 Information about the credit organisation

The full legal name of the Bank: Bank ICBC (Joint Stock Company); the short name: Bank ICBC (JSC).

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

The Bank’s actual address is: 29 Serebryanicheskaya Embankment, Moscow, 109028, Russian Federation

The primary state registration number (FTS of Russia): 1077711000157.

The date of the entry in the Unified State Register of Legal Entities - August 30, 2007.

The Bank was established as a Russian bank with 100% foreign capital.

The Bank’s sole founder and shareholder is the largest bank of the People’s Republic of China and a leading world bank - JSC Industrial and Commercial Bank of China Limited (ICBC), the ultimate controlling party of which is the People’s Republic of China represented by the Ministry of Finance of the PRC.

The Bank operates under the Federal Law No. 395-1 “On Banks and Banking Activities”, dated December 2, 1990.

The Bank is not a member of either the banking (consolidated) group or the banking holding, the definition of which is given in Federal Law No. 395-1.

The Bank has a general banking license with funds in rubles and foreign currency, including the right to carry out operations with precious metals (general license No. 3475 issued by the Bank of Russia to Bank ICBC (JSC) on January 26, 2018).

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

In addition to the banking license the Bank also has the following licenses:

Issuing authority	License type	Issue date	Number	Validity term
Central Bank of the Russian Federation	License of a professional participant of the securities market for brokerage operations	August 18, 2016	№045-13990-100000	Unlimited
Central Bank of the Russian Federation	License of a professional participant of the securities market for depositary operations	August 18, 2016	№045-13992-000100	Unlimited
Central Bank of the Russian Federation	License of a professional participant of the securities market for dealing operations	August 18, 2016	№045-13991-010000	Unlimited

The Bank is an operator of the ICBC payment system (the registration number is 0040, assigned by the Bank of Russia on June 3, 2015).

The Bank is also:

- A participant of the MICEX currency market SELT section;
- Acting as a market maker for the Yuan/Ruble pair;
- A participant of the following settlement systems: S.W.I.F.T.: ICBKRUMM REUTERS-DEALING: DICB;
- A member of the National Financial Association, Self-Regulatory Organization (NFA SRO);

As at 1 January 2020 a Russian rating agency Expert RA has assigned the Bank a credit rating of ruAA, outlook – Stable.

1.2 Separate subdivisions and internal structural subdivisions of the Bank

The Bank has a branch in Saint Petersburg – a branch of Bank ICBC (Joint-Stock Company) in Saint Petersburg. The Branch is registered at: 12-14 Litera A, Khersonskaya Street, Saint-Petersburg, 191024, Russian Federation.

The Bank also has one internal structural subdivision:

- Supplementary office “Greenwood”: building 17, Greenwood, 69th km of MKAD, Putilkovo settlement, Krasnogorsky District, Moscow Region, 143441, Russian Federation.

1.3 Reporting period and units of measurement of annual financial statements

The reporting period is from January 1, 2019 to December 31, 2019.

The annual financial statements are presented in the national currency of the Russian Federation.

The official exchange rates of the Bank of Russia as at 31 December 2019 used to revalue the account balances in foreign currency are as follows:

- US dollar (USD) – 61,9057;
- Euro (EUR) – 69,3406;
- 10 Chinese Yuan (CNY) – 88,5937;
- Singapore dollar (SGD) – 45,8799;
- 10 Hong Kong dollars (HKD) – 79,5049.

These annual financial statements are presented in thousands of Russian rubles (“thousand rubles”), except where indicated.

2. Brief overview of Bank's activities

2.1 The nature of transactions and principal activities

In accordance with the Federal Law No. 395-1 "On Banks and Banking Activity" dated December 2, 1990 as subsequently amended, as well as on the basis of general banking license issued by the Bank of Russia, the Charter of the Bank, resolutions of the Management Board and other regulations of the Russian Federation, the Bank performs the following operations:

- opening of the bank accounts of legal entities in the currency of the Russian Federation and foreign currency and comprehensive maintenance thereof;
- providing cash services for legal entities (including cash collection);
- legal entities deposit taking (on demand and for a specific term) subject to guaranteed repayment and serviceability;
- lending to legal entities, including participation in syndicated lending subject to maturity, serviceability and repayment;
- placement of attracted funds in securities (bonds) issued by residents and non-residents;
- trade financing;
- settlements on behalf of correspondent banks on their bank accounts;
- interbank lending;
- foreign exchange trading on a cash and non-cash basis;
- currency control agent functions by the Bank;
- issuing bank guarantees and letters of credit;
- professional services at the securities market;
- individuals deposit taking (on demand and for a specific term);
- placement of attracted funds of individuals (on demand and for a specific term) on its behalf and for its own account.

The Bank's principal activities remain the provision of banking services to corporate customers of different industrial economic sectors, development of Russian-Chinese trade relations, as well as the development of modern banking products and technologies.

For the further development the key Bank's objectives is a achievement of a high-quality and differentiated loan portfolio consisting mainly of the largest Russian borrowers and Chinese companies operating in the Russian market, as well as the increase in investments in securities, which will be one of the long-term sources of the Bank's revenue.

2.2 Key performance indicators and factors that influenced the financial performance of the Bank in the reporting period

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

	As at 1 January 2020 RUB'000	As at 1 January 2019 RUB'000
The carrying amount of assets	59 732 585	64 776 391
Net loan receivables measured at amortized cost	40 911 481	42 167 693
Net investments in securities measured at amortised cost	9 098 615	9 974 669
Amounts due to credit institutions	24 185 140	32 674 676
Amounts due to customers other than credit institutions <i>Including deposits (funds) of individuals and individual entrepreneurs</i>	22 548 224 51 674	18 877 836 93 638
Income of the Bank	57 611 872	68 265 606
Expenses of the Bank	56 373 196	67 507 747
Profit/(loss) for the reporting period	1 238 676	757 859

At the end of the reporting year the Bank retained its position, remaining in TOP 100 largest banks in Russia in terms of net assets and net profit.

According to the results of the year 2019 the Bank received a net profit in the amount of 1 238 676 thousand rubles. This indicator is 63,4% higher than in previous year (2018: 757 859 thousand rubles).

The Bank's positive financial results in 2019 were mostly impacted by such activities as lending of Bank's corporate customers, stock exchange and over-the-counter foreign exchange transactions, as well as a transition to the new accounting standards.

The structure of Bank's significant income and expenses represented its activities for 2019 and 2018 are the following:

	2019 RUB'000	2018 RUB'000
Net interest income (negative interest margin)	1 137 417	1 715 556
Net income from transactions with financial assets measured at fair value through profit or loss	1 258 302	(106 627)
Net income from transactions with foreign currency and foreign exchange revaluation	(482 656)	566 000
Net fee and commission income (expenses)	58 071	130 375
Operating expenses	865 124	875 646
Change in allowance for impairment and allowance for expected credit losses	181 281	(367 012)

The significant increase in net income from transactions with financial assets measured at fair value through profit or loss in 2019 was due to the active involvement in trading on Moscow Exchange as a leading market-maker for CNY/RUB currency pair, as well as a significant increase of the volume of transactions with over-the-counter swaps.

Adjustment to allowance for expected credit losses also contribute to positive financial results.

2.3 Business environment

The Bank's operations are primarily located in the Russian Federation and the Bank is exposed to the economic environment of the Russian Federation.

According to Rosstat at the end of 2019 inflation in Russia was 3.0%, slowing down compared to the previous year (in 2018 inflation was 4.3%). The rapid inflation slowdown continues to be driven by a lot of significant temporary factors.

The dynamics of consumer prices, prevalence of short-term disinflationary risks and current level of inflationary pressure in the economy are the evidence of further temporary slowdown of inflation below 3% at the beginning of 2020.

An increase in prices which show low volatility and insensitivity to temporary factors remains below the level corresponding to an inflation rate of 4%.

An increase of prices on imported goods is still limited by strengthening of ruble and inflation slowdown in the countries-trade partners of Russia.

The continuing positive credit impulse from corporate lending expansion is underpinning domestic demand in the economy. Domestic demand growth is accelerating due to the recovery of household consumer spending and an accommodative fiscal policy since the second half of 2019.

Inflation slowdown encourages the growth of real household income and consumer demand. The gradually monetary easing currently at least does not hinder the growth of economic activity.

The year 2019 for Russian banking sector was characterised by decrease in the interest rates.

The Bank of Russia got started the interest rate easing as early as in June 2019 when the key rate was 7,75% per annum. By the end of the year the regulator brought the interest rate to 6.25% by reducing it during last five sessions of the year. Policy easing cycle of the Bank of Russia was accompanied by a

corresponding reduction in the rates on liabilities and loans in the banking sector. In particular, in November of the current year an indicative deposit rate calculated by the Bank of Russia based on ten largest banks in the deposit market, updated a historic low at just above 6% per annum. Corporate lending rates dropped to a minimum level from 2011.

Corporate lending dynamics slowed slightly in 2019 (+4.5%) compared to 2018 (+5.8%). This is due to a weak demand for loans from high-quality borrowers in the face of slow economic growth and cautious approaches to new investment projects. In addition, first-class borrowers have partially reoriented to the corporate bond market to attract long-term financing at lower interest rates.

Growth in corporate lending is also constrained by high credit risks of borrowers.

Corporate lending is further complicated by toughening of the Bank of Russia position related to assessment the quality of corporate borrowers. To preserve the volumes of income, the banks will focus on the comprehensive servicing of enterprises, refinancing of loans, improvement of non-credit products and development of related non-credit services.

The situation with liquidity in the banking sector remained generally favourable.

According to the data of the Bank of Russia, a structural liquidity surplus at the end of 2019 was 2.8 trillion rubles for ruble-denominated liquidity and USD 43 billion - for currency-denominated liquidity.

A reduction in the number of high-quality corporate borrowers, as well as strict measures taken by the Bank of Russia to limit the growth of retail lending, contributed to the surplus liquidity. At the same time, major banks and the subsidiaries of foreign banks still have the surplus of cheap liquidity.

As for the volume of profit of the banking sector for 2019, it equals RUB 2 trillion, which is 51% more than in the previous year. However, the increase in the financial result compared to the previous year according to the estimates of the Bank of Russia is mainly of a technical nature as a result of the application by banks of adjustments in accordance with IFRS 9. Net of the effect of IFRS 9 and net of the profit of banks under financial rehabilitation managed by the Banking Sector Consolidation Fund, the profit of the banking system equalled RUB 1.3 trillion, which is 11% lower than in 2018.

2.4 Information on the prospects of credit institution's development

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

The primary strategic goal of the Bank 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.

The Bank is constantly 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 brokerage, dealing and depository operations and launched all those services.

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

1. Expansion and diversification of the corporate customers 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 individual 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 equipping 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 the Bank in achieving its goals is the quality of the services provided.

The continuing effect of the international sanctions against Russia; internal economic structural changes, including the changing regulatory requirements on the part of the Bank of Russia, and a global market turmoil triggered by the outbreak of the coronavirus during the first months of 2020 together with other factors have resulted in a sharp decrease in the oil price and the stock market indices, and depreciation of the Russian Ruble. These developments are further increasing the level of uncertainty in the Russian business environment, therefore, further development of the operations in 2020 will become a challenge for the Bank.

In order to ensure reliable and stable operation and further development, the Bank intends to focus on risk management and regulatory control issues. In order to ensure continued compliance with the conservative risk appetite policy established by the Shareholder and the Board of Directors, ICBC Bank (JSC) will continue to monitor the level of accepted risks and the adequacy of available capital. The Bank also regularly performs stress testing of significant risks, the results of which indicate the balanced risk appetite policy of ICBC Bank (JSC), which, in the Bank's opinion, will be a key factor during a period of macroeconomic instability and volatility of global financial markets.

The management of the Bank takes all necessary and appropriate measures to maintain the economic stability of the Bank under the current conditions and also believes that the Bank has the potential for further normal functioning 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.

For this purpose, the Bank has implemented the possibility of employees to carry out their labour functions remotely, outside a stationary worksite, territory or facility, directly or indirectly controlled by the Bank using the public information and telecommunication networks, including Internet.

2.5 Decisions on profit distribution further to review of the annual financial statements

As at the signing date of the annual financial statements the Board of Directors of the Bank has not made recommendations on the amount of dividends for the year 2019.

Dividends for the year 2018 paid in 2019 amounted to 719 966 thousand rubles (1 665.12 rubles per 1 share).

3. Brief overview of the Bank' accounting policy

3.1 Basis of preparation of financial statements

The Bank's accounting complies with the requirements of the Bank of Russia Regulation No. 579-P dated February 27, 2017 "On the Chart of Accounts at Credit Institutions and the Procedure for Its Application" (as amended and supplemented) (the "Bank of Russia Regulation No. 579-P") and other regulatory documents of the Bank of Russia.

The Bank's annual financial statements are prepared in accordance with the Ordinance of the Bank of Russia dated September 4, 2013 No. 3054-U "On the Procedure for Preparation of Annual Financial Statements by Credit Institutions" (the "Ordinance of the Bank of Russia No. 3054-U") and Ordinance of the Bank of Russia No. 4983-U.

This is the first set of the Bank's annual financial statements, in preparation of which the Bank of Russia regulations are applied that regulate the procedures of accounting and recognition in the annual financial statements of financial instruments and are developed on the basis of the requirements of IFRS 9 Financial Instruments ("IFRS 9") and revenue recognition on the basis of requirements of IFRS 15 Revenue from Contracts with Customers (the "IFRS 15"). The related changes to significant accounting policies are described in Note 3.2, the effect from transition to new regulatory legal acts of the Bank of Russia - in Note 3.2 Transition to IFRS 9.

In accordance with the Ordinance of the Bank of Russia No. 3054-Y the Bank has carried out all the necessary preparatory work in order to prepare the annual financial statements for the year 2019, so that the financial statements reflect the actual assets, claims and liabilities of the Bank. The Bank has carried out an inventory count of its assets as at November 1, 2019, and an inventory count of its claims and liabilities as at December 1, 2019. The cash revision was prepared as of the end of business day December 31, 2019.

According to the results of inventory count there were no surplus or shortage.

As at 1 January 2020 the Bank received written confirmations of balances on the opened correspondent accounts from credit institutions and non-resident banks. The procedure of receiving confirmations of balances on the opened accounts of legal entities will continue until received.

3.2 Principles and methods of assessment and accounting of significant operations and events, recognition of revenue, including methods of determine the level of completion of operations for service rendering

In its activity the Bank is guided legislation of the Russian Federation, regulations of the Russian Government, instructions and recommendation of the Bank of Russia, the Federal Tax Service and the Bank's Accounting Policy for 2019 (approved by Order No. 274 dated 29 December 2018 and Order No. 119 dated 1 July 2019 (as amended)).

The Bank's accounting complies with the following regulatory documents of the Bank of Russia:

- Bank of Russia Regulation No. 579-P, dated 27 February 2017, "On the Chart of Accounts at Credit Institutions and the Procedure for Its Application" (as amended and supplemented) (the "Bank of Russia Regulation No. 579-P");
- Bank of Russia Ordinance No. 4556-P, dated 2 October 2017, "On Amending Bank of Russia Regulation No. 446-P, Dated 22 December 2014, "On the Procedure to Determine Credit Institutions' Revenues, Expenditures and Other Aggregate Income";
- Bank of Russia Ordinance No. 4611-U, dated 16.11.2017, "On Amending Bank of Russia Regulation No. 372-P, Dated 4 July 2011, "On the Procedure for Accounting Derivatives" (the "Bank of Russia Regulation No. 372-P");
- Bank of Russia Regulation No. 604-P, dated 2 October 2017, "On the Procedure for Credit Institutions to Account Transactions to Raise Funds under Bank Deposit Agreements and Loan Agreements, and Transactions to Issue and Redeem Bonds, Promissory Notes, Deposit and Savings Certificates" (the "Bank of Russia Regulation No. 604-P");
- Bank of Russia Regulation No. 605-P, Dated 2 October 2017, "On the Procedure for Credit Institutions to Account Transactions to Place Funds under Loan Agreements, Transactions to Purchase Receivables from Third Parties Related to the Performance of Cash Liabilities, Transactions Related to Liabilities under Bank Guarantees Issued and Funds Provision" (the "Bank of Russia Regulation No. 605-P");
- Bank of Russia Regulation No. 606-P, dated 2 October 2017, "On the Procedure for Credit Institutions to Account Securities Transactions" (the "Bank of Russia Regulation No. 606-P").

In accordance with the requirements of the Bank of Russia and accounting policy for the year 2019 the applied accounting policies for operations in 2019 are consistent with those applied in all periods presented in these annual financial statements, except for the changes described in Note 3.2.

Assets are initially recognised at cost. Subsequently assets are measured (remeasured) at fair value, at cost or by recognising the allowance for impairment in accordance with the regulatory legal acts of the Bank of Russia.

Liabilities are recognised in accordance with the terms of the contracts in order to ensure control of completeness and timeliness of its fulfilment. In cases established by the regulatory legal acts of the Bank of Russia the liabilities are also remeasured at fair value.

Cash and cash equivalents

For the purposes of the annual financial statements cash and cash equivalents are defined as short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents comprise the following balance sheet (published form) items: Cash, Amounts due from the Central Bank of the Russian Federation (except the obligatory reserves and security deposit of the payment system operator), Amounts due from credit institutions (except for assets with the risk of losses).

Obligatory reserves in the Bank of Russia and security deposit of the payment system operator are not considered as cash and cash equivalents due to restrictions on its use.

Accounting policy of financial instruments effective prior 1 January 2019

Loan receivables, allowance for impairment on loan receivables

Loan receivables are recognised at cost from the date the funds are provided.

Allowance for impairment is recognised in accordance with the requirements of the Bank of Russia Regulation No. 590-P, Dated 28 June 2017, “On the Procedure for Making Loss Provisions by Credit Institutions for Loans, Loan and Similar Debts” (as amended) (the “Bank of Russia Regulation No. 590-P”) and the applicable internal Instruction “On the procedure for establishment of allowance for impairment on loan receivables”.

Allowance for impairment is created for up to the principal amount (carrying amount) of the loan. The principal amount does not include interest payments on the loan, commissions, penalties and other payments due to the Bank, which arise from the loan contract, pursuant to the law, business practices, or the contract under which the loan was issued.

Allowance for impairment on loans to legal entities (credit institutions and legal entities other than credit institutions) is created for each loan issued separately based on the credit risk assessment on each loan issued (exercising professional judgment).

Professional judgment is based on a comprehensive and unbiased analysis of the borrower’s activity, taking into account its financial position, the quality of the borrower’s debt service, as well as all available information about the borrower.

Based on professional judgment, loans are classified into one of the five quality categories in accordance with Bank of Russia Regulation No. 590-P.

The Bank evaluate the financial position of the borrower based on the assessment of the impact of risk factors identified in the analysis of the borrower’s financial statements and other data on the borrower’s financial position and performance.

Sources of possible information on risk factors include mass media and other sources. The lack of information about the borrower is considered by the Bank as one of the risk factors taken into account when carrying out a professional judgment.

Loans in quality categories II-V are classified as impaired by the Bank.

Acquisition of claims under funds granting (placement) agreements

Claims acquired under funds granting (placement) agreements are recorded at the acquisition cost as at the date of acquisition specified in the transaction terms (the “acquisition price”). Acquisition price includes the cost of claims specified in the transaction terms and, if any, incurred costs related to acquisition of claims.

The disposal date of a claim is the date when the claim is assigned to a third party (date of sale) specified in the transaction terms or the date when the debtor (borrower) repays its obligations.

The financial result from disposal of a claim is determined as the difference between the claim acquisition cost and the claim sale price or the amount repaid by the debtor (borrower) in accordance with the terms of the agreement under which the claim was acquired. In case payments for the claim sold (being repaid) are made by instalments, the financial result is determined as the difference between the amount of instalment payment and the amount of the claim sold (being repaid) calculated in the proportion that the instalment payment bears to the par value of the claim.

Securities

Investments in securities are classified and recognised in the following categories:

- measured at fair value through profit or loss.

Since the initial recognition and until derecognition, the investments in securities are measured (remeasured) at fair value without allowance for impairment.

The fair value of a security is the price that would be received to sell a security in a transaction on a voluntary basis between the securities market participants at the measurement date. The assessment of fair value is performed in accordance with International Financial Reporting Standard (IFRS) 13 *Fair Value Measurement* and in accordance with the Methodology for assessing the fair value of securities by the Bank’s Accounting Policy.

- held-to-maturity.

Debt securities that the Bank intends to hold to maturity (regardless of the period between the acquisition date and the maturity date) are recognised at cost related to the acquisition. If necessary, allowance for impairment is created in accordance with the Bank of Russia Regulation No. 611-P, Dated 23 October 2019, “On the Procedure for Credit Institutions to Make Loss Provisions”.

- available -for-sale.

Investments in securities available-for-sale include debt and equity securities which were not classified as “measured at fair value through profit or loss” and “held-to-maturity” upon acquisition,

Securities classified as “available-for-sale” upon acquisition may not be reclassified or transferred to other balance sheet accounts, except for the transfer to an account of debt obligations not settled on time, if the issuer has not repaid the debt obligations by the due date, and the reclassification of debt obligations to the “held-to-maturity” category.

On disposal (sale) of securities the Bank applies the FIFO method.

Derivative financial instruments (DFI) and other contracts (transactions) for which settlements and delivery are performed not earlier than the next day after the contract signing (transaction) date

Accounting of derivative financial instruments is carried out by the Bank in accordance with Regulation of the Bank of Russia No. 372-P.

Fair value of derivative financial instruments is evaluated by the Bank as follows:

Derivative financial instruments are recorded at fair value in the currency of the Russian Federation.

At initial recognition fair value of the DFIs is equal to zero and no accounting entries are made in the balance accounts.

Upon initial recognition the Bank recognises a derivative financial instrument at fair value and recorded changes in fair value of the derivative financial instrument.

The fair value of DFIs is measured and recorded as of the end of business day of the month, as of the date of derecognition of DFIs and as of the date of origination of claims and (or) obligations to make interim payments in accordance with the contract terms.

Fair value of DFIs measurement and fair value changes recognition is made in the currency of the Russian Federation.

Liabilities on issued bank guarantees and loan commitments

The Bank’s liabilities on issued guarantees (including letters of credit), which provide for the fulfilment of liabilities in cash, as well as open credit lines to borrowers and unused limits under loan commitments “under the debt limit” are recorded in off-balance sheet accounts in the amounts established by the contract.

After the expiration of the terms of these instruments, the corresponding amounts are written off from off-balance sheet accounts. When the Bank or the customer fulfils obligations under the issued guarantees, the amounts are also written off from off-balance sheet accounts.

The contractual costs of credit-related commitments recorded on off-balance sheet accounts (obligations to pay if counterparties fail to fulfil their obligations to other creditors; the Bank’s obligation to provide funds on a repayable basis) are elements of the estimation base for impairment allowance in accordance with the Bank of Russia Regulation No. 611-P.

Accounting policy of financial instruments effective from 1 January 2019

Classification of financial assets

On initial recognition the financial assets are classified as measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss, based on:

- the business model used by the Bank to manage financial assets;
- characteristics of a financial asset associated with the contractual cash flows.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows;
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through other comprehensive income only if it meets both of the following conditions:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are measured by the Bank at fair value through profit or loss unless they are measured at amortised cost or at fair value through other comprehensive income.

On initial recognition of a financial assets the Bank may irrevocably designate it as measured at fair value through profit or loss that otherwise meets the requirements to be measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

Classification of financial assets by the Bank is based on the principles of IFRS 9 prior to signing the relevant contracts and determines an objective of their acquisition and recognition (determination of a business model).

Business model reflects a method that the Bank uses to manage its financial assets in order to generate cash flows, i.e., the Bank determines whether the cash flows will be resulted from receiving the contractual cash flows or sale of financial assets or both.

The Bank makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice, including whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of assets;
- how the performance of the portfolio is evaluated and reported to the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity, However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at fair value through profit or loss because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

A change in the Bank's business model will occur only when the Bank either begins or ceases to perform an activity that is significant to its operations.

Such changes are expected to be very infrequent. Such changes are determined by the Bank's senior management as a result of external or internal changes and must be significant to the Bank's operations and demonstrable to external parties. Accordingly, a change in the Bank's business model will occur only when the Group either begins or ceases to perform an activity that is significant to its operations; for example, when the Bank has acquired, disposed of or terminated a business line.

For the purposes of classification of financial assets, the Bank assesses whether the cash flows from the financial asset represent, on specified dates, solely payments of principal and interest on the principal amount outstanding - i.e. the SPPI criterion, on the results of which an asset may be classified into any of three categories of financial instruments.

SPPI-test reflects characteristics of cash flows from financial assets approved in a respective contract. If contractual terms of a financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), a SPPI-test is considered as passed, otherwise a financial asset does not meet the SPPI criteria.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition, 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin that meets the terms of a basic loan agreement.

The Bank makes assessment of a loan agreement whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets – e.g., non-recourse asset arrangements; and
- features that modify consideration for the time value of money – e.g., periodic reset of interest rates.

The Bank classifies financial assets that do not meet the SPPI-test criteria as financial assets at fair value through profit or loss.

Classification of financial liabilities

Subsequent to initial recognition according to the Bank of Russia Regulation No 604-II financial liabilities are measured by the Bank at amortised cost, with the exception of cases established by IFRS 9.

Subsequent to initial recognition the Bank classifies liabilities arising under the bank guarantees issued for the purposes of accounting in accordance with paragraph 4.2.1 of IFRS 9 as follows:

- bank guarantees issued, except for financial guarantee contracts, are measured at amortised cost;
- financial guarantee contract is measured at greater of amount of allowance for expected credit losses and initially recognised amount.

In accordance with clause 1.5 of the Bank of Russia Regulation No. 605-P, for the purpose of accounting the value of liabilities on bank guarantees issued is estimated:

- at last calendar day of the month;
- in case of significant change of the value of liability on a bank guarantee issued during a month - as at the date of performance of liabilities on bank guarantees issued or as at the date of change of limit on issue of bank guarantees in cases of signing a bank guarantee agreement (contract) with a customer, which provides for payment under a bank guarantee by instalments as part of the established limit.

Financial liabilities are not reclassified subsequent to their initial recognition.

Recognition and assessment of financial instruments at initial recognition

Financial assets and liabilities are recorded when the Bank becomes a party to the contractual provisions of the financial instrument.

In accordance with the Bank of Russia Regulation No. 606-P, all standard purchases of securities are recognised as at the date of settlements.

At initial recognition a financial asset or financial liability is measured at fair value increased or decreased in the case of a financial asset or financial liability not measured at fair value through profit or loss, by the amount of transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Fair value of financial instruments is determined in accordance with IFRS 13 *Fair Value Measurement* ("IFRS 13").

Effective interest rate (EIR)

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that is used to discount estimated future cash receipts through the

expected life of the financial asset or financial liability to the current amortised cost of the financial asset or the financial liability.

Amortised cost

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance (Annex A to IFRS 9).

In accordance with clause 1.8 of Bank of Russia Regulation No. 605-P the amortised cost of the assets is determined using a straight-line method or EIR method in accordance with IFRS 9.

The Bank applies a straight-line method in the following cases:

- when a financial instrument maturity is less than one year at initial recognition, including financial instruments, the date of maturity (return) of which falls on another financial year; or
- when a difference between amortised cost of financial instrument determined using EIR method, and amortised cost of financial instrument determined using a straight-line method is not significant.

Materiality criteria has been determined at the level not exceeding 10%.

Amortised cost of financial assets or financial liability is determined at least once per month as at the last calendar day of the month as well as at the date of complete or partial repayment (return), including early repayment of financial assets and financial liability.

The 'gross carrying amount of a financial asset' measured at amortised cost is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Interest income and expense

Interest income on placed cash and debt securities, as well as interest expense on cash due to individuals and legal entities, debt securities issued with maturity of more than one year at the time of initial recognition are accounted for using an effective interest rate (EIR), if difference between amortised cost of financial instruments determined using EIR method and their amortised cost determined by a straight-line method is significant.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

However, for financial assets that became credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income on such assets does not revert to a gross basis, even if the credit risk of the asset improves.

Fair value measurement principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

The Bank measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. When there is no quoted price in an active market, the Bank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account under the circumstances.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price, i.e., the fair value of the consideration given or received.

Fair value of securities classified at initial recognition as measured subsequently at fair value through profit or loss, is determined:

- at the last business day of the month as of the last calendar date of the month;
- in case of significant change of fair value of securities during a month (by more than 10%);

- if during the month there were transactions with securities of this issue (this issuer); and in this regard all securities of this issue (this issuer) measured at fair value through other comprehensive income are subject to revaluation as at the transaction date;
- as at the date of derecognition of securities.

The fair value of the DFIs is measured and accounted for on the last business day of the month, as of the date of derecognition of the DFIs and as of the date of origination of claims and (or) obligations to make interim payments in accordance with the contract terms.

Profit and loss on subsequent measurement

Profit or loss on financial assets and liabilities measured at amortised cost is recognised as follows:

- profit or loss in case of derecognition of a financial assets or liability;
- operating income or expenses, or impairment of financial assets;
- corresponding item to reflect change in allowance for impairment and allowance for expected credit losses; as well as
- in the process of accruing appropriate depreciation/amortisation in corresponding interest income or expense.

Profit or loss from translation of balances in foreign currency are recognised in net income from revaluation of foreign currency.

Profit or loss arising from change in fair value of financial asset or liability is recognised as follows:

- profit or loss on a financial instrument measured at fair value through profit or loss is recognised in net income from transactions with financial assets measured at fair value through profit or loss, or net income from transactions with financial liabilities measured at fair value through profit or loss, except for the interest income or interest expense recognised in interest income or interest expense respectively.

Derecognition of financial instruments

According to Bank of Russia Regulation No. 606-P, a security is written off when the Bank transfers the rights of it, security is repaid or it is impossible to exercise the rights vested in security, and in cases provided in paragraph 3.2.3 of IFRS 9. According to paragraph 3.2.3 of IFRS 9 the Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognised as a separate asset or liability in the balance sheet (published form).

The Bank sets a method of measurement of the value of securities disposed (sold) using FIFO method.

Acquisition (transfer) of the title to securities under transactions carried out on terms of maturity, repayment and payment of interest does not serve as a basis for initial recognition (derecognition) of securities, if it does not result in transfer of all risks and awards (or significant portion thereof) associated with holding of security transferred.

Under the reverse repurchase agreements where the Bank acts as an initial purchaser of securities, the Bank does not recognise risks and awards associated with holding of these securities. Securities received under the first part of a reverse repurchase agreement are accounted for without recognition thereof as the Bank's assets and are accounted for in off-balance sheet accounts. Cash paid under the first part of reverse repurchase agreement is recognised on the balance sheet accounts intended for accounting of other funds placed.

Under REPO agreements where the Bank is an initial seller of securities, the Bank recognises risks and awards associated with holding of these securities; transfer of securities under REPO is carried out without derecognition thereof as the Bank's assets. Cash received under the first part of REPO agreement is recognised on the balance sheet accounts intended to account got other funds raised.

According to the Bank of Russia Regulations No. 604-P and 605-P, financial instruments or their part specified in the Regulations are derecognised in case of complete (partial) repayment and as a result of assignment/sale.

Write-offs

The Bank writes off bad debts on loans against the created allowances for expected credit losses for the respective loan. At the same time the Bank writes off the accrued interest related to bad debts.

When the bad debt and interest on loans is written off, the Bank takes all necessary and sufficient legal and actual measures to recover this debt, a possibility of which arises from the law, business practice or contract.

Debt other than bad debt on loans is recognised and written off in a similar way.

Modification of financial instrument

If modification of cash flows provided by the terms of a financial instrument not measured at fair value through profit or loss, results in derecognition of this financial instrument in accordance with IFRS 9 and recognition of a new financial instrument, the Bank recalculates EIR.

If modification of cash flows provided by the terms of a financial instrument not measured at fair value through profit or loss, does not result in derecognition of this financial instrument in accordance with IFRS 9, the Bank recalculates a carrying amount of financial instrument (net of allowance for expected credit losses as related to financial assets) by discounting modified contractual cash flows at original effective interest rate and recognises profit or loss in operating income or operating expenses.

Financial assets

If the terms of a financial asset are modified, the Bank evaluates whether the cash flows of the modified asset are substantially different. The modification is substantial if the present value of cash flows remained after modification differs by more than 10% of the present value of future cash flows before modification. If the cash flows were substantially different, then the contractual rights to cash flows from the original financial asset were deemed to have expired.

In this case, the original financial asset is derecognised, and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

When recognising a new financial asset, the Bank recalculates an EIR. Further accounting is maintained using a new EIR. In addition:

- a new interest rate is compared with fair value interest rate. If conditions differ from fair value terms the fair value adjustment is made;
- testing for credit impairment.

Modification is substantial as a result of the following qualitative factors:

- change the currency of the financial asset;
- change in collateral or other credit enhancement;
- change of terms of financial asset that lead to non-compliance with SPPI criterion (e.g., inclusion of conversion feature).

Changes in cash flows on existing financial assets are not considered as modification, if they result from existing contractual terms, e.g. changes in interest rates initiated by the Bank due to changes in the Bank of Russia key rate, if the loan contract entitles the Bank to do so.

If the modification of a financial asset does not result in derecognition of the financial asset, then the Bank recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss.

Financial liabilities

The Bank derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. The modification is substantial if the present value of cash flows after modification differs by more than 10% of the present value of future cash flows before modification.

In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

Modification is substantial as a result of the following qualitative factors:

- change the currency of the financial liability;
- change in collateral or other credit enhancement;
- inclusion of conversion feature.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in operating income or operating expenses.

Impairment

In accordance with IFRS 9 *Financial Instruments* the Bank recognises an allowance for expected credit losses on financial asset measured at amortised cost and at fair value through other comprehensive income, on financial guarantees issued and loan commitments issued.

Bank guarantees which are out of scope of IFRS 9 are measured in accordance with the Chapter 3 of the Bank of Russia Regulation No. 605-P, and in this case such bank guarantees are assessed in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

According to IFRS 9 impairment is measured as either expected credit losses resulting from default events on the financial instrument that are possible within the next 12 months ('12-month ECL') or expected credit losses resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL').

Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1' financial instruments.

Financial instruments other than purchased or originated credit-impaired assets, for which a lifetime ECL is recognised are referred to as 'Stage 2' financial instruments (if the credit risk has increased significantly since initial recognition, but the financial instruments are not credit-impaired) and 'Stage 3' financial instruments (if the financial instruments are credit-impaired).

Measurement of ECL

ECLs are a probability-weighted estimate of credit losses, and will be measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Bank in accordance with the contract and the cash flows that the Bank expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows discounted using the original effective interest rate on a financial asset;
- for the bank guarantee contracts, cash shortfalls are the expected payments that compensate a holder of an instrument the losses that a holder incurs, less the amounts that the Bank expects to receive from a holder, debtor or any other party. If a guarantee covers an asset in full, assessment of cash shortfalls for a bank guarantee contract will correspond to assessment of cash shortfalls for an asset, which is a subject of guarantee.

Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred, Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
 - a breach of contract such as a default or past due event;
 - the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
 - it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- or;
- the disappearance of an active market for that financial asset because of financial difficulties; or

- the purchase or origination of a financial asset at a significant discount that reflects the incurred credit losses.

The acquired claims for which as at the date of initial recognition there is observable evidence of credit impairment, are credit-impaired at initial recognition.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- if the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset;

- if the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Input data, assumptions and estimations for impairment

Definition of default

Default is a counterparty's failure (due to inability or unwillingness) to meet the terms and conditions of a loan agreement or market transaction.

The Bank considers a financial asset to be in default when:

- Any material credit obligation to Bank that is past due more than 90 days;
- creation of the ground for acknowledging of a substantial deterioration of the quality of the credit claim, after which the bank shall write off funds or form a reserve, including cases when the financial standing of the borrower is assessed as bad and, at the same time, the credit claim is referred to the IV or V quality category in accordance with Regulations of the Bank of Russia No. 590-P. The circumstance is not be applicable to cases, when the borrower is referred to the V quality category by the results of assessment of the credit claim before the maturity of the interest and/or the amount of principal receivable defined by the agreement, when the debt servicing at the assessment of financial standing of the borrower as bad can only be assessed as unsatisfactory;

- restructuring due to the borrower's inability to perform its credit commitments according to the initial terms of a contract, of its own financial and economic activity as related to a credit claim;

- realisation of the credit claim with substantial economic losses as a result of deterioration of the credit claim quality;

- referral of the Bank to the court with the application for bankruptcy;

- adjudication of borrower's bankruptcy or implementation of a borrower's bankruptcy procedure (supervision, external administration, financial rehabilitation).

Significant increase in credit risk

The Bank determines whether the credit risk on a financial instrument has increased significantly since initial recognition on a regular basis but not less than once a quarter. To make that assessment a probability of default for the remaining lifetime as at reporting date is compared with probability of default for remaining lifetime calculated for this point in time at initial recognition of credit exposure.

When determining whether the credit risk on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Bank's historical experience and expert credit assessment and including forward-looking information.

Criteria of significant increase in credit risk and criteria of impairment indicators as well as their threshold values are established by the Bank's internal regulatory documents.

Criteria are qualitative and quantitative and include information on overdue payments, downgrading of internal/external rating, actual or expected significant change in the counterparty's operating activities, significant changes in the value of collateral, actual or expected restructuring or another significant information available at the Bank.

Generally, a credit risk for an exposure to have increased significantly since initial recognition if the following criteria based on the Bank's quantitative model methods have been met:

- internal/external rating decreased by more than two grades (inclusive);
- PIT PD (Point in Time PD - ratings calculated at point in time) calculated as at the current date, exceeds 20%;
- past due payments on principal and/or interest of more than 30 days (inclusive) and less than 90 days.

The credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors related to the Bank's credit risk management processes that may not otherwise be fully reflected in its quantitative analysis on a timely basis. Such qualitative factors are based on its expert judgement. Qualitative criteria include:

- significant increase in credit risk on other instruments of the same borrower;
- availability of information on past due loan payments at other credit institutions;
- an actual or expected significant change in the operating results of the borrower including actual or expected declining revenues or margins, increasing operating risks, working capital deficiencies, decreasing asset quality, increased balance sheet leverage, liquidity, management problems or changes in the scope of business or organizational structure (such as the discontinuance of a segment of the business) that results in a significant change in the borrower's ability to meet its debt obligations;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the borrower that results in a significant change in the borrower's ability to meet its debt obligations such as a decline in the demand for the borrower's sales product because of a shift in technology;
- significant changes in the value of collateral supporting the obligation or in the quality of third-party guarantees, which are expected to reduce the borrower's economic incentive to make scheduled contractual payments or to otherwise have an effect on the probability of a default occurring;
- significant changes such as reductions in financial support from a parent entity or other affiliate or an actual or expected significant change in the quality of credit enhancement that are expected to reduce the borrower's economic incentive to make scheduled contractual payments;
- covenants breach which was not agreed with the Bank and documented;
- actual or expected forbearance or restructuring of the loan related to the borrower's insolvency.

As a flag the Bank considers that a significant increase in credit risk occurs no later than 30 days past due. Days past due are determined by calculating the days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL.

Some qualitative indicators of an increase in credit risk, such as breach of revised loan agreement, may be indicative of an increased risk of default that persists when the indicator is not more exist. In these cases, the Bank determines a probation period during which payments on a financial asset must be made on time and in full to provide evidence that its credit risk has declined sufficiently. When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes history of up-to-date payment performance against the modified contractual terms.

The Bank evaluates the criteria used to identify significant increases in credit risk on a regular basis to confirm that:

- the criteria can identify significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- credit risk exposures are not transferred directly from a portfolio for which a loss allowance is recognised in the amount of 12-month ECL measurement (Stage 1) to portfolio of credit-impaired assets (Stage 3);
- there is no unwarranted volatility in value of allowance for expected credit losses from transfers of credit risk exposure from the portfolio, for which allowance for expected credit losses is recognised in

the amount of 12-month ECL (Stage 1) to the portfolio, under which allowance for expected credit losses is recognised in the lifetime ECL (Stage 2).

Internal measurement of credit risk

Internal credit rating is defined based on the internal model of the ICBC Group Head Office using the expert judgment of a responsible employee. The internal rating model's structure includes quantitative and qualitative assessment of a corporate customer as well as rating adjustment. Quantitative assessment reflects the financial position of a corporate customer, including its paying capacity, liquidity, etc. Quality assessments reflects the non-financial characteristics of the customer's activity, such as its competitive position in the market, assessment of management, etc. Rating adjustment reflects impact of additional significant factors such as the auditors' opinion on the financial statements, credit history, etc.

Incorporating of forward-looking information

The Bank incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL. The Bank uses expert judgment in assessment of forward-looking information.

The Bank periodically performs stress-testing of more extreme shocks to calibrate its determination of other representative scenarios.

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

Probability of default (PD) is a probability that a borrower's default occurs before expiry of the asset lifetime.

Loss given default (LGD) is an amount of cash that the Bank loses when a borrower fails to repay a debt on the loan.

Exposure at default (EAD) is an estimate of exposure, the share of an asset that is lost in case of default during subsequent 12 months or during the asset lifetime.

To assess PD of counterparties the Bank uses the internal credit ratings. Rating scale is represented by a credit rating, ranges of probabilities of default (PD) for each estimate and average probability of default for each rating as well as respective ratings according to rating scales of Standard & Poor's and Moody's rating agencies.

If a counterparty is assigned with an external credit rating, or it is the part of a group of companies that has an external credit rating, the Bank considers such credit rating when determining a probability of default of such counterparty. A rating scale of Standard & Poor's agency is used as a basic rating scale as well as respective probabilities of default.

LGD indicates a part of debt that the Bank loses in case of a counterparty's default, LGD varies by the type of a counterparty, security, etc. LGD value for counterparties-residents of Russian Federation is determined in accordance with a local market practice, while for non-residents it is determined in accordance with the model used in the Head Office.

EAD represents the expected exposure as at the date of default. The Bank derives the EAD from the current exposure to the borrower and potential changes to the current amount allowed under the contract and arising from amortization.

The EAD of a financial asset is its gross carrying amount at the time of default. For guarantees and letters of credit, EAD represents the exposure when becomes payable.

Policy applicable before and after 1 January 2019

Fixed assets

The amount of actual costs of the Bank incurred on construction, manufacturing and acquisition of an item of fixed assets, including a value-added tax, is recognised as an initial cost of fixed assets acquired for a fee.

The initial cost of fixed assets received by the Bank under the gift contracts (free of charge) is its fair value as at the date of recognition.

The initial cost of an item of fixed asset received by the Bank under an exchange contract is the fair value of the asset received, if it is possible to measure it reliably. If the fair value of received assets cannot be measured reliably, the initial cost of received fixed asset is determined on the basis of assets transferred by the Bank, which is recognised on the account for accounting of these assets.

The initial cost of items of fixed assets contributed to the charter capital of the Bank is the value of these items determined in accordance with the procedure established by the legislation of the Russian Federation and regulatory acts of the Bank of Russia.

For subsequent assessment of homogeneous fixed assets, except for Group 10 (property with useful life over 30 years), that is "Buildings", the Bank applies a model of accounting at historical cost net of accumulated depreciation and any accumulated impairment losses.

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

Revaluation is performed on the annual basis. A revalued cost should reflect a fair value at the end of reporting year.

Fair value of fixed assets is measured in accordance with IFRS 13.

In measuring the revalued cost of fixed assets there may be used the current prices in the active market of similar items of fixed assets obtained from external sources, data on level of prices published in mass media and specialised literature, expert opinions on fair value of items of fixed assets, etc.

Items of fixed assets, irrespective of an accounting model selected, are subject to impairment testing at the end of each reporting year as well as upon occurrence of events that have significant impact on measurement of their value. Impairment losses on items of fixed assets are recognised at the time of identification.

The cost of items of fixed assets is amortised through the accrual of depreciation throughout their useful life. Depreciation is charged on a straight-line method and recognised in profit of loss.

Intangible assets

An intangible asset is an asset that simultaneously meets the following conditions:

- the asset is able to bring future economic benefits to the Bank, in particular, the asset is intended for use 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 on access to economic benefits from the assets 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 can be reliably determined;

An intangible asset is recognised at their historical cost determined as of the date of recognition.

For subsequent measurement of an intangible asset, of any group of homogeneous intangible assets, the Bank applies accounting at historical cost less accumulated depreciation and accumulated impairment losses. Impairment losses of intangible assets are recognized at the time of identification.

Amortization of intangible assets of all is accrued by a straight-line method. In the straight-line method, the annual amount of depreciation is based on the initial value of intangible assets and the depreciation rate. To calculate the depreciation rates, the useful life of intangible assets is applied.

Inventories

Accounting of the Bank's inventories is carried out in accordance with Bank of Russia Regulation dated 22 December 2014 No. 448-P "Accounting of Fixed Assets, Intangible Assets, Real Estate Temporary not Used in Operational Activity, Long-Term Assets Held for Sale, Inventories, Means and Objects of Labour of Undetermined Purpose Obtained under Compensation or Pledge Agreements".

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.

Inventories are measured at recognition in the amount of actual costs for their acquisition, delivery and bringing them in condition suitable for use (at cost).

The value of inventories is recognised as expenses 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

The Bank makes provisions for impairment on loan receivables, as well as provisions for impairment in accordance with the requirements of regulatory documents of the Bank of Russia, as well as internal regulatory documents of the Bank.

Allowance for impairment on loan receivables is created from contributions recognised as the expenses of the Bank. Recovery of the provision is recognised as income of the Bank and the branch.

The change in Allowance for impairment on loan receivables is recorded in the balance sheet of the Bank no later than the last business day of the month.

Taxes

Tax accounting of the Bank is based on accounting data, primary accounting documents and data of tax accounting registers subject to the following specifics:

- the income tax base is calculated by the Bank on the basis of information about income and expenses recorded in the accounts with the corresponding attributes, as well as the tax registers data;
- certain types of transactions, for which the balances of income/expenses contain insufficient information for tax purposes (maximum amount of expenses in the form of interest on debt, accrual of depreciation, transactions with acquired claims, accrued interest on debt securities, etc.) are recorded by the Bank in separate analytical tax registers;
- balances of income/expense accounts not taken into account in the taxation of profits are summarized in a separate report, which is used to monitor and control costs that do not reduce taxable profit of the Bank. The data of the said report are not to be taken into account when calculating the income tax base.

For income tax purposes, the Bank uses the following methods of income and expense recognition:

- income provided for by Chapter 25 of the Tax Code of the Russian Federation is recognised by the Bank on an accrual basis, i.e., recognized in the reporting (tax) period in which it occurred, irrespective of actual receipt of funds, other property (works, services) and (or) property rights;
- expenses provided for by Chapter 25 of the Tax Code of the Russian Federation are recognised by the Bank on an accrual basis, i.e., recognised in the reporting (tax) period to which they relate, regardless of the time of actual payment in cash and (or) other form of payment;
- income/expenses are recognised by the Bank in the reporting (tax) period in which these income/expenses arise based on the conditions of transactions (for transactions with specific deadlines) and the principle of even and proportionate formation of income and expenses (for transactions lasting more than one reporting (tax) period).

Income tax expenses are charged to the account 70611 "Income Tax".

Accounting for overpayment of income tax depends on the time when it was detected, and the period during which it occurred.

Overpayment identified during the preparation of the annual accounts are recognised in the accounting records as adjusting events after the balance sheet date.

The procedure for recognition in the accounting records of underpayment of income tax depends on the time it was detected, but do not depend on the period for which it was formed.

Income and expense recognition

Classification of income and expenses

All income and expenses are recognised on an accrual basis. The accrual principle means that financial results of transactions (income and expenses) are recognised when the corresponding service is provided and not upon receipt (or payment) of cash or cash equivalents. Income and expenses are recorded in the period to which they relate.

Analytical accounting on income and expense accounts is in Russian roubles. Income and expense accounts reflect rouble equivalents of amounts in foreign currencies based on the official exchange rate.

Income and expenses, depending on their nature and types of transactions, are divided into:

- interest income and expenses;
- operating income and expenses.

Interest income (interest expenses) are recognised income (expenses) accrued in the form of interest, coupon, discount (premium) on transactions with interest income (interest expense).

Depending on transactions, fee and commission income and fee and commission expenses may refer to either interest income and expenses or to operating income and expenses.

The expense from performance of work (provision of services), including paid or payable fee and commission expense, is accounted for at the date of acceptance of work (provision of services) determined by contractual terms, including the payment day, or confirmed by other primary accounting documents.

The expense from transfer (sale) of assets is accounted for when all the above conditions are met. The expense from transfer (sale) of assets is measured as the difference between the fair value of received or receivable consideration (proceeds from sales) and the asset's carrying amount and is accounted for at the date of transfer to the customer of all risks and rewards of ownership of the transferred (sold) asset and control and management over it, irrespective of contractual payment terms (i.e. advance payment, prepayment, delay, deferred payment).

Accounting policy applicable before 1 January 2019

Criteria for income recognition

Income is recognised when the following conditions are met:

- the right to receive the income by the Bank arises from the agreement or is confirmed in another appropriate manner;
- the amount of income can be measured;
- there is no uncertainty in earning the income;
- as a result of transfer (sale) of an asset, provision of services, performance of work, the Bank transferred to the customer all risks and rewards of ownership of the asset transferred, the Bank does not control and manage the transferred (sold) asset, or the work was accepted by the customer, the services were provided.

Income from placed funds ranked by the Bank as I–III quality categories is deemed to be certain, i.e. probability to generate income is absolute and/or high.

Income from placed funds ranked by the Bank as IV and V quality categories is deemed to be uncertain, and interest is accrued on the off-balance accounts.

Criteria for expense recognition

Expense is recognised when the following conditions are met:

- the expense arises under the contract, requirements of laws and other regulations, business customs;
- the amount of the expense can be measured;
- there is no uncertainty in respect of expense recognition.

Expense on attracted funds, payment of interest is deemed to be certain.

Accounting policy applicable after 1 January 2019

Criteria for income recognition

Income is recognised when the following conditions are met:

- 1) the right to receive the income by the Bank arises from the agreement or is confirmed in another appropriate manner;
- 2) the amount of the income can be measured;
- 3) there is no uncertainty in earning the income;
- 4) as a result of transfer (sale) of an asset, provision of services, performance of work, the Bank transferred to the customer control over the transferred (sold) asset as defined by IFRS 15.33, or the work was accepted by the customer, the services were provided.

The income from transfer (sale) of assets, performance of works, provision of services is accounted for when all the above conditions are met, as well as in accordance with IFRS 15.31, 35-37.

The income from transfer (sale) of assets is measured as the difference between the value of received or receivable consideration (proceeds from sales) and the asset's carrying amount and is accounted for at the date of transfer to the customer of control over the transferred (sold) asset, irrespective of contractual payment terms (i.e. advance payment, prepayment, delay, deferred payment).

The income from performance of work (provision of services), including received or receivable fee and commission income, is accounted for at the date of acceptance of work (provision of services) determined by contractual terms, including the payment day, or confirmed by other primary accounting documents.

Recognition of interest income

For recognition of the interest income from transfer (placement) of funds and precious metals, acquired debt securities, including promissory notes, securities borrowing, as well as income from assignment for temporary use (temporary possession and use) of other assets at a charge, the first, second and third conditions of income recognition should be met simultaneously.

Criteria for expense recognition

Expense is recognised in the accounting records provided that the following conditions are met:

- the expense arises under the contract, requirements of laws and other regulations, business customs;
- the amount of the expense can be measured;
- there is no uncertainty in respect of expense recognition.

Recognition of interest expense

Interest expenses related to transactions made to attract funds from individuals and legal entities (except for use-of-money interest on customers' bank accounts, including on correspondent accounts) and securities lending transactions are to be charged to expenses on a daily basis.

Interest expenses on issued debt securities are to be charged to expenses on a daily basis. Use-of-money interest on customers' bank accounts, including on correspondent accounts is to be charged to expenses on a payment day according to contractual terms.

On the last business day of the month, all interest accrued over the month ended (including for remaining non-business days if the last business day of the month is not its last day) or additionally accrued from the date under contractual terms or the issue terms is to be charged to expenses.

Foreign exchange gain and loss and revaluation of funds denominated in foreign currencies

Revaluation of balances in foreign currencies is carried out based on changes in the official exchange rates established by the CBR. Revaluation results are stated on the balance sheet accounts "Revaluation of funds denominated in foreign currency": 70603 "Gain from revaluation of funds denominated in foreign currency" - for foreign exchange gain, and 70608 "Loss on revaluation of funds denominated in foreign currency" - for foreign exchange loss.

Financial results of foreign exchange transactions carried out at the exchange rate other than an exchange rate quoted by the Bank of Russia, are charged to account 70601 "Income" for symbols 26101 "Gain from purchase and sale of foreign currency in cash form" and 26201 "Gain from purchase and sale of foreign currency in non-cash form", if the Bank's purchase rate is set below official exchange rate of the Bank of Russia; or to account 70606 "Expense" for symbols 46101 "Expenses on purchase and sale of

foreign currency in cash form” and 46201 “Expenses on purchase and sale of foreign currency in non-cash form”, if the Bank’s purchase rate is set above the official exchange rate of the Bank of Russia.

Exchange rate gains or losses arising from purchase and sale of foreign currency for Roubles on a cash and noncash basis, for which settlements and delivery are performed on the day of the transaction, and transactions for which settlements and delivery are performed not earlier than on the next day after signing the contract, except for those contracts that are subject to the CBR Regulation No.372-P, are determined as a difference between the exchange rate of the transaction and the official CBR foreign exchange rate against Russian Rouble on the date of transaction or on the date of recognition of revaluation of requirements and obligations on supply of foreign currency under accounts No. 47421, No. 47424 Revaluation of requirements and obligations on supply of precious metals, financial assets (except for securities).

Adoption of IFRS 9

The following table shows the initial classification categories according to the regulatory legal acts of the Bank of Russian effective before 1 January 2019 (“old RLAs of the Bank of Russia”) and new classifications according IFRS 9 for financial assets and financial liabilities of the Bank as at 1 January 2019, as well as results of reconciliation of carrying amount values according to old RLAs of the Bank of Russia with carrying amount values according to IFRS 9 at adoption the new regulatory legal acts of the CB RF on 1 January 2019. The Bank has recorded a result of adoption of new requirements of the Bank of Russia from 1 January 2019 through a financial result of 2019.

RUB'000	Notes	Initial classification under old RLAs of the Bank of Russia	New classification under IFRS 9	Initial carrying amount under old RLAs of the Bank of Russia	Remeasureme nt	New carrying amount under IFRS 9
Financial assets						
Cash	4.1	At cost less provision for impairment	Amortised cost	62 765	-	62 765
Amounts due from the Central Bank of the Russian Federation	4.1	At cost	Amortised cost	1 592 782	-	1 592 782
Amounts due from credit institutions	4.1	At cost less provision for impairment	Amortised cost	10 565 870	(170)	10 565 700
Net loan receivables	4.4.1	At cost less provision for impairment	Amortised cost	42 364 229	161 615	42 525 844
Net investments in securities held-to-maturity	4.4.2	Held to maturity (at cost less provision for impairment)	Amortised cost	9 974 669	(9 978)	9 964 691
Other assets (other financial assets)	4.6	At cost less provision for impairment	Amortised cost	10 099	-	10 099
Total financial assets				64 570 414	151 467	64 721 881
RUB'000	Notes	Initial classification under old RLAs of the Bank of Russia	New classification under IFRS 9	Initial carrying amount under old RLAs of the Bank of Russia	Remeasur ement	New carrying amount under IFRS 9
Financial liabilities						
Amounts due to credit institutions measured at amortised cost	4.7	Under the terms of the agreement	Amortised cost	(33 151 468)	-	(33 151 468)
Amounts due to customers other than credit institutions measured at amortised cost	4.8	Under the terms of the agreement	Amortised cost	(18 896 374)	-	(18 896 374)
Other liabilities (other financial liabilities)	4.10	Under the terms of the agreement	Amortised cost	(129 501)	-	(129 501)
Provisions for contingent credit-related commitments, other losses and transactions with offshore residents	4.11	Under the terms of the agreement	Amortised cost	(284 582)	281 296	(3 286)
Total financial liabilities				(52 461 925)	281 296	(52 180 629)
Total effect on financial results of 2019					432 763	

Nature and size of adjustments resulting from changes in accounting policies and estimates affecting comparability of certain performance indicators of the Bank

The Bank carries out accounting in compliance with the principle of consistency of accounting rules. Changes in the accounting policy of the Bank are made in case of introduction of new types of operations (transactions) or changes in the law of the Russian Federation, regulatory documents of the Bank of Russia, which are related to the activities of the Bank.

In accordance with the Bank of Russia Ordinance No. 4927-U, dated 8 October 2018, "On the List, Forms and Procedure for Compiling and Submitting Credit Institutions' Reporting Forms to the Central Bank of the Russian Federation", effective from 1 January 2019, the algorithm of preparation of the balance sheet (published form) has changed. In particular:

- as at 1 January 2019, requirements for accrued interests, as well as impairment allowances on them were recognised on "Other assets" of the balance sheet (published form). Since 1 January 2019 requirements for accrued interests, as well as allowance for expected credit losses on them are recognised in the item of the balance sheet (published form), to which these requirements for accrued interests relate. To ensure the comparability of data as at 1 January 2020 and data as at 1 January 2019 the Bank reclassified requirements for accrued interests, as well as impairment allowances on them as at 1 January 2019 from "Other assets" to the corresponding items of the balance sheet (published form);

- as at 1 January 2019 liabilities on accrued interests were recognised on "Other liabilities" of the balance sheet (published form). Since 1 January 2020 liabilities on accrued interests and liabilities on interests are recognised in the item of the balance sheet (published form), to which these liabilities on accrued interests and liabilities on interests relate. To ensure the comparability of data as at 1 January 2020 and data as at 1 January 2019 the Bank reclassified liabilities on accrued interests at 1 January 2019 from "Other liabilities" to the corresponding items of the balance sheet (published form).

The effect of mentioned above changes on the procedure for provision of comparable data for the previous reporting year in the balance sheet (published form) is summarised in the table below (data is presented in thousands of rubles).

Line	Balance sheet item (published form)	As previously reported	Reclassification	Reclassified
5	Net loan receivables, including:	42 167 693	196 536	42 364 229
	<i>Net loan receivables before Allowance for impairment</i>	42 555 973	196 709	42 752 682
	<i>Allowance for impairment on loan receivables</i>	(388 280)	(173)	(388 453)
13	Other assets, including:	206 635	(196 536)	10 099
	<i>Other assets before provision for impairment</i>	239 952	(196 709)	43 243
	<i>Allowance for impairment on other assets</i>	(33 317)	173	(33 144)
16	Amount due to customers measured at amortised cost	51 552 512	495 330	52 047 842
16.1	amounts due to credit institutions	32 674 676	476 792	33 151 468
16.2	amounts due to customers other than credit institutions	18 877 836	18 538	18 896 374
16.2.1	deposits (funds) of individuals, including individual entrepreneurs	93 638	147	93 785
21	Other liabilities	624 831	(495 330)	129 501

3.3 Information on judgment with significant impact on the amounts recognised in the annual financial statements, and information about the nature of assumptions and main sources of uncertainty in estimates as at the end of the reporting period

The preparation of the annual financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

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.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the annual accounting (financial) statements is included in the following notes:

Applicable to 2019 only:

- 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 3.2.
- 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 – Note 3.2.

Assumptions and estimation uncertainty

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the annual accounting (financial) statements for 2019 is disclosed in the following notes:

Applicable to 2019 only:

- impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward-looking information – Note 3.2.

Applicable to 2019 and 2018:

- measurement of fair value of financial instruments - Note 4.13.
- taxation: In determining the amount of deferred tax assets that can be recognised in the financial statements, the Bank's management assesses the likelihood that the deferred tax asset will be used in full. The use of a deferred tax asset depends on the receipt of taxable profit in the periods in which the time differences can be used against it. In making this estimation, management considers the planned write-off of deferred tax liabilities, future projected taxable profit, and tax planning strategies.

The Bank assesses the probability of sufficient taxable income to record the amount of deferred tax assets on the balance only when it is essential (10% of the amount of income tax calculated for the same reporting period).

The professional judgment of relevant Bank's departments in application of the accounting policy, which have a significant impact on the amounts recognised in the annual financial statements, which may result in significant adjustments to the book value of assets, are provided below.

- Provision for impairment: the Bank regularly assesses its assets (financial instruments) in order to identify the risks of impairment. Allowance for impairment on loan debt and its equivalent is established on the basis of the Bank's professional judgments in accordance with Bank of Russia Regulation No. 509-P and actual internal instruction "On procedure of provisioning for impairment on loan receivables". Provisions for other assets (instruments) are established on the basis of the Bank's professional judgments in accordance with Bank of Russia Regulation No. 611-P.

The Bank believes that the accounting estimates related to the Allowance for impairment on loan debt and other assets are key sources of uncertainty in estimates as:

- they are highly subject to changes from period to period as assumptions about the future amount of losses and estimates of potential impairment losses are based on actual figures available at the current date;
- if there is a significant difference between the estimated value of the loss and the actual losses incurred by the Bank, provision will be required, which may have a significant impact on the annual statements of the Bank in subsequent periods.

The Bank uses professional judgment to estimate the amount of any impairment loss in cases where the borrower has financial difficulties and there is little historical data on similar loans.

The following assumptions are used in forming the Bank's professional judgment:

- as for loans referred to quality categories II-IV in accordance with Bank of Russia Regulation No. 590-P, the Bank determines the amount of the estimated provision on the basis of internal risk assessment methodology. When making a professional judgment and determining the risk rate for the borrower, the responsible employee assesses both the formalized indicators on the basis of vertical, horizontal, coefficient and other analyses of financial statements and management reports, and expert indicators (the presence of a card file of unpaid settlement documents, the presence of hidden losses, the period of operation of the counterparty in the market, etc.). During the analysis, each indicator is assigned a weight of significance, which allows to find the final score for each borrower, depending on the values of a set of factors. Based on the final score, the risk rates for customers are ranked within the range specified by the Bank of Russia for a specific quality category.

- when determining the fair value of the collateral, the Bank considers that it can be sold within a reasonably short period not exceeding 270 calendar days.

3.4 Information on changes in the Accounting Policy of the Bank for the next financial year

By the Order No. 233 dated 31 December 2019, starting from 1 January 2020, the accounting policies of Bank for 2020 was enacted for the purposes of accounting in accordance with Russian Accounting Legislation (RAL).

The accounting policy of the Bank for 2020 was developed in accordance with the Federal Law No. 402-FZ dated 6 December 2011 “On Accounting”, Bank of Russia Regulation No. 579-P, as amended on 1 January 2019, internal regulatory documents of the Bank.

The accounting policy for 2020 has been amended with changes related to accounting of the lease agreements due to enforcement of the following regulatory documents of the Bank of Russia effective from 1 January 2020:

- Regulation of the Bank of Russia dated 12 November 2018, No. 659-P “On Accounting by Credit Institutions of Lease Contracts” (the “Regulation of the Bank of Russia No. 659-P”);

- Instruction of the Bank of Russia dated 12 November 2018, No. 4965-U “On introduction of amendments to the Regulation of the Bank of Russia No. 579-P dated 27 February 2017 “On the Chart of Accounts for Credit Institutions and Procedure for its Application”;

- Instruction of the Bank of Russia dated 9 July 2018, No. 4858-U “On introduction of amendments to the Bank of Russia Regulation dated 22 December 2014, No. 446-P “On the Procedure for Determining Income, Expenses and Other Comprehensive Income of Credit Institutions.

In addition, the Bank of Russia issued a Letter of Information dated 27 August 2019, No. IN-012-17/68 “On certain matters related to enforcement of the accounting regulatory acts of the Bank of Russia from 1 January 2020” (the “CBR Information Letter”).

These regulatory acts of the Bank of Russia establish a new accounting procedure for lease agreements for lessees and lessors, that are credit institutions. This procedure is based on the requirements of IFRS 16 *Leases*. The new accounting treatment enters into force from 1 January 2020 and replace the current accounting treatment of the lease agreements stipulated by the Appendix 7 to the Regulation of the Bank of Russia No. 579-P. The Bank concludes lease agreements under which it acts as a lessee. Lease agreements, where the Bank acts a lessee, are classified by the Bank as operating lease agreements. According to the Bank management estimate, a new accounting treatment of the lease agreements, where the Bank acts as a lessee, will have no significant impact on the annual financial statements of the Bank.

The new accounting procedure introduces single model for accounting of lease contracts by lessors that stipulates their recognition in the lessor’s balance sheet. According to this model, a lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items.

In addition, the nature of expenses related to those leases will change, as according to the new accounting procedure for lease contracts instead of lease expenses recognised proportionally over the contract term, the Bank shall recognise expenses for depreciation of right-of-use assets and interest expenses on lease liabilities.

As at the date of preparation of these annual accounting (financial) statements the Bank’s Management assesses that the new accounting procedure for lease contracts will not have impact on the amount of the Bank’s equity (capital).

As at signing date of these annual financial statements the Bank completes a transition period for implementation of new rules of accounting maintenance in accordance with the regulatory acts of the Bank

of Russia mentioned above. The new accounting policies, assumptions, judgments and estimation techniques employed are subject to change until the Bank finalises its first interim financial statements that include the date of initial application (of the interim financial statements for the first quarter of 2020).

The Bank intends to continue as a going concern in the future as the Bank has no need to liquidate, reduce significantly the operations or carry out operations on unfavourable terms. Accordingly, the Bank's accounting policy is applied consistently from one reporting period to another.

No significant errors were identified in the reporting period, which relate to the prior periods that may have impact on the Bank's annual accounting (financial) statements.

3.5 Information about the adjusting events after the reporting date

Events after the reporting date are the facts of the Bank's activity, which take place in the period between the reporting date and the date of signing the annual financial statements and which may have significant impact on its financial position as of the reporting date.

Events after the reporting date, confirming the existing conditions as at the reporting date, in which the Bank conducted its activities, are reflected in the accounting records.

1. In accordance with Clause 3.2.2 of the Bank of Russia Ordinance No. 3054-U, on the first working day of the new year after drawing up a daily balance as at 1 January, the balances reflected on account No. 706 "Financial Result of the Current Year" were transferred to account No. 707 "Financial Result of the Previous Year".

2. In accordance with Clause 3.1.2 of the Bank of Russia Ordinance No. 3054-U, the following adjusting events occurred after the balance sheet date:

- recovery of allowance for expected credit losses on other claims on internal operations;
- accrual of remuneration related to 2019;
- classification of accrued taxes and fees as expenses;
- charge of income tax for 2019;
- clarification of the amount of expenses upon receiving the primary documents after the reporting date, which confirm that transactions were performed before the reporting date.

As a result of the events after the reporting date, the financial results of the Bank amounted 1 238 676 thousand rubles.

Non-adjusting events after the reporting date are disclosed in Note 2.4.

4. Accompanying information to the balance sheet

4.1 Cash and cash equivalents

Cash and cash equivalents are presented as follows:

	1 January 2020	1 January 2019
	RUB'000	RUB'000
Cash	62 532	62 765
Amounts due from the Central Bank of the Russian Federation	2 948 963	287 121
Correspondent accounts in credit institutions:	4 696 868	10 565 870
<i>Russian Federation</i>	<i>28 121</i>	<i>2 424 960</i>
- rated from BBB- to BBB+	28 121	2 424 960
<i>Other countries</i>	<i>4 668 747</i>	<i>8 140 910</i>
- rated from A- to A+	2 452 978	8 140 900
- rated from BBB- to BBB+	2 215 769	10
Total cash and cash equivalents	7 708 363	10 915 756
Allowance for impairment	-	-
Allowance for expected credit losses	(54)	-
	7 708 309	10 915 756

As at 1 January 2020 and as at 1 January 2019 obligatory reserves in the Bank of Russia amounted to 330 237 thousand rubles and 488 663 thousand rubles respectively. The Bank places required reserves on deposit in the Central Bank of the Russian Federation on a permanent basis.

The Bank is an operator of the ICBC payment system. Within this payment system, the Bank made quarterly payments of security deposit to the Bank of Russia. These funds are excluded from “Cash and cash equivalents” as the Bank has restrictions on their use in accordance with Article 82.5 of Federal Law No. 86-FZ dated 10 July 2002 “On the Central Bank of the Russian Federation (Bank of Russia)”.

As at 1 January 2020 the Bank has three clients, except for the Bank of Russia, with balances on correspondent accounts exceeding 10% of “Cash and cash equivalents” (1 January 2019: three clients, except for the Bank of Russia, with balances on correspondent accounts exceeding 10% of “Cash and cash equivalents”). The gross value of the balances of these clients equals to RUB 4 178 437 thousand or 54.21% of “Cash and cash equivalents” (2018: RUB 8 821 687 thousand or 80,81% of “Cash and cash equivalents”).

The movements on changes in allowance for impairment and allowance for expected credit losses on cash and cash equivalents are presented below:

RUB'000	2019			2018
	Allowance for impairment	Adjustment to allowance for expected credit losses	Total	Total
<i>At the beginning of reporting period</i>	-	-	-	-
Effect of transition to IFRS 9	-	(170)	(170)	-
Net charge/recovery	-	116	116	-
<i>At the end of reporting period</i>	-	(54)	(54)	-

As at 1 January 2020 all cash and cash equivalents include in Stage 1 of credit quality and is not overdue (1 January 2019: not impaired and not overdue).

4.2 Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss include loans measured at fair value through profit or loss and interest accrued thereon.

	1 January 2020 RUB'000	1 January 2019 RUB'000
Loan receivables measured at fair value through profit or loss	778 420	-
Interest accrued on loan	5 089	-
Total financial assets measured at fair value through profit or loss	783 509	-

Loan receivables measured at fair value through profit or loss comprises loans to credit institutions with external rating BBB-.

Information on assumptions related to fair value estimation is disclosed in Note 4.13.

4.3 Financial assets measured at fair value through other comprehensive income

There are no investments in financial assets measured at fair value through profit or loss classified as those upon initial recognition as at 1 January 2020 and 1 January 2019.

4.4 Financial assets measured at amortised cost

4.4.1 Net loan receivables measured at amortised cost

Information on the loan receivables measured at amortised cost is provided in table below.

	1 January 2020 RUB'000	1 January 2019 RUB'000 (reclassified)	1 January 2019 RUB'000
Loans to customers - credit institutions	18 974 215	20 175 923	20 032 786
- rated from BBB- to BBB+	11 004 332	7 432 282	7 409 554
- rated from BB- to BB+	7 969 883	11 209 537	11 112 855
internal credit risk rating:			
- internally rated AAA	-	1 263 527	1 240 377
- internally rated from AA- to AA+	-	270 577	270 000
Loans to customers - legal entities other than credit institutions	22 124 760	22 559 818	22 506 246
- rated from BB- to BB+	10 980 191	10 479 897	10 463 429
- rated from BBB- to BBB+	2 295 756	2 792 750	2 772 979
- rated from AA- to AA+	-	22 949	22 931
- rated from B- to B+	-	1 991 333	1 990 000
internal credit risk rating:			
- internally rated from AA- to AA+	6 210 279	3 487 899	3 473 703
- internally rated from BBB- to BBB+	2 594 507	-	-
- internally rated from A- to A+	44 027	3 784 990	3 783 204
Other amounts due from legal entities	16 140	16 753	16 753
Other amounts due from individuals	204	188	188
Total loan receivables	41 115 319	42 752 682	42 555 973
Allowance for impairment on loans	-	(388 453)	(388 280)
Allowance for expected credit losses	(203 838)	-	-
Total net loan receivables	40 911 481	42 364 229	42 167 693

The Bank's primary activity continue to be the provision of products and services to corporate customers in different industrial sectors of the economy, as well as the development of Russian-Chinese trade relations. As at 1 January 2020 the total amount of due from the clients decreased by 3.4% and amounted to 40 911 481 thousand rubles (less allowance for impairment) (1 January 2019 – 42 364 229 thousand rubles). The decrease of due from the clients related with the partial repayment of loans as well as the decrease of carrying amount of loans denominated in foreign currencies by reduction of the exchanges rates.

Information on the volume and structure of loans by types of economic activity of borrowers (in accordance with the Russian Industry Classification System) and types of loans is presented in the table below:

	1 January 2020 RUB'000	1 January 2019 RUB'000 (reclassified)	1 January 2019 RUB'000
Loans to customers - credit institutions	18 974 215	20 175 923	20 032 786
Loans to customers - legal entities other than credit institutions, including:	22 124 760	22 559 818	22 506 246
Financing of current activity (except for loans provided to non-residents), total, including:	16 194 334	16 051 215	16 021 604
<i>Manufacturing, including:</i>	13 089 166	11 982 940	11 955 648
<i>chemical production</i>	5 195 082	6 537 025	6 522 518
<i>pulp and paper production</i>	4 674 295	2 442 763	2 431 471
<i>metallurgical production</i>	3 219 789	3 003 152	3 001 659
<i>mineral production</i>	1 923 066	781 838	781 544
<i>wholesale and retail trade</i>	-	1 991 333	1 990 000
<i>finance and insurance</i>	1 182 102	1 295 104	1 294 412
Loans to non-residents	66 593	-	-
Postfinancing	44 027	22 949	22 931
Total acquisition of rights to claim, including:	5 421 063	5 820 955	5 815 099
<i>mineral production</i>	4 489 216	4 775 819	4 772 867
<i>pulp and paper production</i>	931 847	1 045 136	1 042 232
Total factoring, including	398 743	664 699	646 612
<i>Transport and communication</i>	398 743	664 699	646 612
Other amounts due from legal entities	16 140	16 753	16 753
Other amounts due from individuals	204	188	188
Total loan receivables	41 115 319	42 752 682	42 555 973
Allowance for impairment on loans	-	(388 453)	(388 280)
Allowance for expected credit losses	(203 838)	-	-
Total net loan receivables	40 911 481	42 364 229	42 167 693

Loans to credit institution customers are represented by interbank transactions, trade finance operations, as well as transactions for the acquisition of rights of claim.

Loans to corporate customers are represented by syndicated loans (both in the primary market and through the acquisition of rights of claim in the secondary market) to large corporate borrowers. The borrowers of the Bank include the largest Russian companies operating in the following economic sectors: oil and gas, metallurgy, mineral fertilizers, pulp and paper, coal, transport, telecommunication and leasing.

Loans to individual customers are represented by a security deposit for the leased premises.

Geographic analysis of loan receivables (according to a counterparty's place of incorporation)

	1 January 2020 RUB'000	1 January 2019 RUB'000 (reclassified)	1 January 2019 RUB'000
Russia	36 680 167	35 943 977	35 825 396
Moscow	16 550 196	18 840 084	18 754 115
Saint-Petersburg	6 108 866	3 494 362	3 480 068
Novgorod Region	2 794 141	3 137 434	3 126 177
Sverdlovsk Region	2 667 976	2 047 573	2 046 439
Republic of Karelia	2 499 985	-	-
Perm Territory	2 400 941	3 399 590	3 396 340
Novosibirsk Region	1 388 646	-	-
Tyumen Region	1 182 102	1 295 104	1 294 412
Belgorod Region	787 073	1 303 063	1 302 574
Kursk Oblast	296 857	434 354	434 191
Krasnoyarsk Territory	2 304	-	-
Moscow Oblast	1 080	1 992 413	1 991 080
OECD *	2 595 516	2 647 768	2 646 499
Other countries	1 839 636	4 160 937	4 084 078
Total loan receivables	41 115 319	42 752 682	42 555 973
Allowance for impairment on loans	-	(388 453)	(388 280)
Allowance for expected credit losses	(203 838)	-	-
Total net loan receivables	40 911 481	42 364 229	42 167 693

* include organisations incorporated in the interests of Russian companies

Information on loan's maturity is given in the table below:

1 January 2020	Less than 30 days	from 31 to 90 days	from 91 to 180 days	from 181 days to 1 year	More than 1 year	Total
Loans	15 349 492	4 732 998	2 120 129	5 324 222	13 588 478	41 115 319
<i>Allowance for expected credit losses</i>	(1 122)	(47 922)	(14 729)	(45 659)	(94 406)	(203 838)
Net loans	15 348 370	4 685 076	2 105 400	5 278 563	13 494 072	40 911 481
1 January 2019	Less than 30 days	from 31 to 90 days	from 91 to 180 days	from 181 days to 1 year	More than 1 year	Total
Loans	12 273 272	5 763 146	6 025 974	2 348 970	16 144 611	42 555 973
<i>Provisions for possible loan losses</i>	(96)	(24 129)	(3 923)	(12 086)	(348 046)	(388 280)
Net loans	12 273 176	5 739 017	6 022 051	2 336 884	15 796 565	42 167 693

The movement in allowance for impairment and allowance for expected credit losses on loan receivables measured at amortised cost are presented below:

RUB'000	2019			2018
	Allowance for impairment	Adjustment to allowance for expected credit losses	Total	Total
At the beginning of the period	(388 453)	-	(388 453)	(292 904)
Effect of transition to IFRS 9	-	161 615	161 615	-
Net charge/recovery	141 174	(150 568)	(9 394)	(95 549)
New financial assets originated or purchased	(56 517)	32 644	(23 873)	-
Fully repaid loans	20 102	(11 839)	8 263	-
Foreign exchange and other changes	113 034	(160 522)	(47 488)	-
At the end of reporting period	(170 660)	(33 178)	(203 838)	(388 453)

Explanations of how significant changes in gross carrying amount of loans to customers contributed to changes in allowances for expected credit losses are presented below:

- repayment of financial assets of 7 350 million rubles during the year resulted in recovery of ECL of 8 million rubles;

- New financial assets originated of 12 596 million rubles during the year resulted in origination of ECL of 23 million rubles.

As at 1 January 2020 and 1 January 2019 the Bank has no clients with balances of loan receivables exceeding 10% of "Net loan receivables measured at amortised cost".

The entire loan portfolio of the Bank as at 1 January 2020 include in Stage 1 of credit quality (1 January 2019: not impaired). There is no overdue debt as at 1 January 2020 and 1 January 2019.

Key assumptions and judgments used in assessment of expected credit losses on loans to customers are provided in Note 3.2.

Changes in these estimates could affect the allowance for expected credit losses. Increase/decrease of net present value of expected cash flows from loans by one percent would result in decrease/increase of the allowance for expected credit losses on loans to customers by 409 115 thousand rubles as at 1 January 2020 (1 January 2019: 421 677 thousand rubles).

4.4.2 Net investments in securities held to collect

The portfolio of Bank' securities as at 1 January 2020 in the amount of 9 098 615 thousand rubles include:

	1 January 2020 RUB'000	1 January 2019 RUB'000
Bonds of Russian Government and municipal bonds:	5 109 300	6 347 465
Russian Government bonds (OFZ)		
rated BBB-	4 103 600	5 341 985
Debt obligations of constituent entities of the Russian Federation and local government authorities		
rated BBB-	1 005 700	1 005 480
Bonds of the Bank of Russia	3 548 054	2 387 011
rated BBB-	3 548 054	2 387 011
Bonds of non-resident banks:	444 798	1 240 193
Rated from A- to A+	444 798	1 240 193
Total debt securities held to collect	9 102 152	9 974 669
Allowance for expected credit losses	(3 537)	-
Total debt securities held to collect	9 098 615	9 974 669

As at 1 January 2020 the Bank's debt securities portfolio is as follows:

	Maturity (year)	Coupon amount: % per annum
Russian Government bonds (OFZ)		
OFZ 29011 RU000A0JV7J9	29.01.2020	8.52
OFZ 26217 RU000A0JW30	18.08.2021	7.5
OFZ 29012 RU000A0JX0H6	16.11.2022	7.47
OFZ -IN 52001 RU000A0JVMH1	16.08.2023	2.5
Municipal bonds		
SPbGO 35001-o6 RU000A0ZYHX8	28.05.2025	7.7
Bonds of the Bank of Russia		
COBR-26-ob RU000A100WS0	15.01.2020	6.25
Bonds of foreign credit institutions		
People's Bank of China TB 11nov2020	11.11.2020	2.9

As at 1 January 2019 the Bank's debt securities portfolio is as follows:

	Maturity (year)	Coupon amount: % per annum
Russian Government bonds (OFZ)		
OFZ 29011 RU000A0JV7J9	29.01.2020	8.02
OFZ 24019 RU000A0JX0J2	16.10.2019	7.35
OFZ 29012 RU000A0JX0H6	16.11.2022	7.51
OFZ -IN 52001 RU000A0JVMH1	16.08.2023	2.5
Municipal bonds		
SPbGO 35001-o6 RU000A0ZYHX8	28.05.2025	7.7
Bonds of the Bank of Russia		
COBR -14-o6 RU000A0ZZPG3	16.01.2019	7.75
Bonds of foreign 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

Information on changes in the allowance for credit losses on investments in securities measured at amortised cost:

RUB'000	2019			2018
	Allowance for impairment	Adjustment to allowance for expected credit losses	Total	Total
Securities, including coupon income				
<i>At the beginning of reporting period</i>	-	-	-	-
Effect of transition to IFRS 9	-	(9 978)	(9 978)	-
Net charge/recovery	-	6 441	6 441	-
Write-off	-	-	-	-
<i>At the end of reporting period</i>	-	(3 537)	(3 537)	-

During 2019, the Bank has not invested funds in investment securities on non-market terms.

As at 1 January 2020 all investment securities were included in Stage 1 of credit quality and are not overdue (1 January 2019: not impaired and not overdue).

There are no overdue debt obligations as at 1 January 2020 and 1 January 2019.

Key assumptions and judgements used in assessment of expected credit losses on securities are provided in Note 3.2.

Changes in these estimates could affect the allowance for expected credit losses. Increase/decrease of net present value of expected cash flows from loans by one percent would result in decrease/increase of the allowance for expected credit losses on loans to customers by 90 986 thousand rubles as at 1 January 2020 (1 January 2019: 99 747 thousand rubles).

4.5 Fixed assets, intangible assets and leased property

4.5.1. The structure of fixed assets as at 1 January 2020 and 1 January 2019 and change in their value during 2019 is provided in the tables below. Information is provided in thousands of rubles.

	Equipment, capital investments	Transport vehicles	Furniture and other, capital investments	Total
Carrying amount				
As at 1 January 2019	88 391	6 557	26 051	120 999
Addition	1 305	-	1 218	2 523
Disposal	(8 609)	-	-	(8 609)
As at 1 January 2020	81 087	6 557	27 269	114 913
Depreciation and impairment losses				
As at 1 January 2019	53 356	2 609	7 081	63 046
Depreciation charge for the reporting period	11 812	1 310	3 898	17 020
Disposals	(8 609)	-	-	(8 609)
Balance at 1 January 2020	56 559	3 919	10 979	71 457
Net book value				
As at 1 January 2020	24 528	2 638	16 290	43 456

	Equipment, capital investments	Transport vehicles	Furniture and other, capital investments	Total
Carrying amount				
As at 1 January 2018	85 780	6 557	21 555	113 892
Addition	3 199	-	4 496	7 695
Disposal	(588)	-	-	(588)
As at 1 January 2019	88 391	6 557	26 051	120 999
Depreciation and impairment losses				
As at 1 January 2018	39 327	1 299	3 301	43 927
Depreciation charge for the reporting period	14 617	1 310	3 780	19 707
Impairment loss	-	-	-	-
Disposals	(588)	-	-	(588)
As at 1 January 2019	53 356	2 609	7 081	63 046
Net book value				
As at 1 January 2019	35 035	3 948	18 970	57 953

As at 1 January 2020 and 1 January 2019 there are no limitations on ownership rights to the Bank's fixed assets.

The Bank applies a historical cost accounting model to all groups of homogeneous fixed assets net of accumulated depreciation and accumulated impairment losses.

Depreciation is charged on a straight-line basis.

Information on the groups of fixed assets and depreciation rates as at 1 January 2020 and 1 January 2019 is provided below.

Groups of fixed assets	Useful life, months	Depreciation rates
Equipment group		0,277-4%
Vehicles group		1,6667-2.7%
Furniture and other group		0,4149-1,6393%

4.5.2. Movement of intangible assets is presented below. Information is provided in thousands of rubles.

	Total
Carrying amount of intangible assets as at 1 January 2019	51 940
Additions	83
Disposals	(468)
Carrying amount of intangible assets as at 1 January 2020	51 555
Amortisation and impairment of intangible assets	
As at 1 January 2019	8 554
Amortisation charge for the reporting period	5 835
Disposals	(362)
As at 1 January 2020	14 027
Net book value of intangible assets as at 1 January 2020	37 528
	Total
Carrying amount of intangible assets as at 1 January 2018	41 689
Additions	13 426
Disposals	(3 175)
Carrying amount of intangible assets as at 1 January 2019	51 940
Amortisation and impairment of intangible assets	
As at 1 January 2018	6 284
Amortisation charge for the reporting period	5 445
Disposals	(3 175)
As at 1 January 2019	8 554
Residual value of intangible assets as at 1 January 2019	43 386

Intangible assets are recognised by the Bank at cost determined as of the date of recognition.

For subsequent measurement of intangible assets in relation to all groups of homogeneous intangible assets, the Bank applies a model of accounting at historical cost less accumulated amortisation and accumulated impairment losses. Impairment loss of intangible assets are recognised at the time of identification.

Amortisation for all groups of intangible assets is carried out on a straight-line basis. In the straight-line method, the annual amount of amortisation charge is determined on the basis of the initial cost of intangible assets and amortisation rate. For calculation of the amortisation rates the useful life of intangible assets is used.

Information on amortisation rates as at 1 January 2020 and 1 January 2019 is presented in the table below:

	Useful life of intangible assets, months	Amortisation rates of intangible assets
Intangible assets	12-600	12-600

As at 1 January 2020 the amount of inventories on the 610 account was 3 thousand rubles; as at 1 January 2019 - 9 thousand rubles.

4.5.3. Information on lease transactions with fixed assets for operating lease in which the Bank acts as a lessee.

The amounts of future lease payments under operating lease agreements without the right of early termination are as follows:

	1 January 2020, RUB'000	1 January 2019, RUB'000
Less than 1 year	47 381	76 551
From 1 to 5 years	-	47 381
	47 381	123 932

Amount of lease payments recognised as expenses in the reporting period is given below:

	2019 RUB'000	2018 RUB'000
Leased premises	70 334	64 625
Leased property	2 021	1 985
	72 355	66 610

The fixed assets received by the lessee under the transfer documents are recognised on the off-balance accounts 91507 "Fixed Assets Received under Lease Agreements" and 91508 "Other Assets Received under Lease Agreements".

The Bank determines the value of the leased assets on the basis of documents received from the lessor or expert evaluation of the Bank.

The amount of the lease payment is classified by the lessee as expenses not later than the due date of its payment stipulated by the lease agreement.

On termination of the lease agreement their cost is written off by the lessee from the off-balance accounts 91507 "Fixed Assets Received under Lease Agreements" and 91508 "Other Assets Received under Lease Agreements" under the acceptance and transfer certificate.

In accordance with the terms of the lease agreements, the Bank is not entitled to acquire the leased assets or review their prices. Terms on the right to extend the lease agreements are included only in those for the leased residential property.

4.6 Other assets

The amount, structure and changes in value of other assets, including impairment, are presented in the table below:

	1 January 2020 RUB'000	1 January 2019 RUB'000 (reclassified)	1 January 2019 RUB'000
Financial assets, total	1 312	5 697	202 406
<i>including:</i>			
Other commissions	1 228	153	153
Interest accrued at negative interest rate	84	-	-
Interest accrued	-	-	124 913
Discount on rights of claims	-	-	53 709
Factoring commissions	-	-	18 087
Claims on commissions for loan agreements	-	4 113	4 113
Claims on commissions for letters of credit	-	1 431	1 431
Non-financial assets, total	59 689	37 546	37 546
<i>Including:</i>			
Accounts receivable	58 369	32 470	32 470
Settlements with the budget and non-budgetary funds	844	66	66
Settlements with employees on imprest accounts	279	-	-
Settlements on remuneration payment	197	183	183
Other non-financial assets	-	4 827	4 827
Total before provision for impairment	61 001	43 243	239 952
Allowance for impairment of other assets	(58 552)	(33 144)	(33 317)
Total less Allowance for impairment	2 449	10 099	206 635

Other assets include current and non-current receivables.

Information on maturities of other assets (less provision for impairment) is presented in the table below:

As at 1 January 2020 (RUB'000)

	Less than 30 days	31 days to 90 days	91 days to 180 days	181 days from 1 year	Over 1 year	Total
Financial assets, total	1 302	-	10	-	-	1 312
<i>including:</i>						
Other commissions	1 218	-	10	-	-	1 228
Interest accrued at negative interest rate	84	-	-	-	-	84
Non-financial assets, total	13 444	35 405	5 785	5 006	49	59 689
<i>Including:</i>						
Accounts receivable	13 006	35 367	4 941	5 006	49	58 369
Settlements with the budget and non-budgetary funds	-	-	844	-	-	844
Settlements with employees on imprest accounts	279	-	-	-	-	279
Settlements on remuneration payment	159	38	-	-	-	197
Total before provision for impairment	14 746	35 405	5 795	5 006	49	61 001
Allowance for impairment of other assets						(58 552)
Total less Allowance for impairment						2 449

At 1 January 2019 (RUB'000)

	Less than 30 days	31 days to 90 days	91 days to 180 days	181 days from 1 year	Over 1 year	Total
Financial assets, total	2 846	2 166	403	282	-	5 697
<i>including:</i>						
Claims on commissions for loan agreements	2 613	1 225	-	275	-	4 113
Claims on commissions for letters of credit	80	941	403	7	-	1 431
Other commissions	153	-	-	-	-	153
Non-financial assets, total	12 443	23 315	-	679	1 109	37 546
<i>including:</i>						
Accounts receivable	7 616	23 132	-	613	1 109	32 470
Settlements on remuneration payment	-	183	-	-	-	183
Settlements with the budget and non-budgetary funds	-	-	-	66	-	66
Other non-financial assets	4 827	-	-	-	-	4 827
Total before provision for impairment	15 289	23 481	403	961	1 109	43 243
Allowance for impairment of other assets						(33 144)
Total less Allowance for impairment						10 099

Information of movements in allowance for impairment of other assets are presented below:

RUB'000	2019	2018
At the beginning of reporting period	(33 144)	(27 107)
Net charge/recovery	(25 437)	(6 191)
Write-off	29	154
At the end of reporting period	(58 552)	(33 144)

The currency structure of other assets as at 1 January 2020 and 1 January 2019 is disclosed in Note 8.

4.7 Amounts due to credit institutions

The account balances of credit institutions by types, as well as interbank loan operations are presented in the table below:

	1 January 2020 RUB'000	1 January 2019 RUB'000 (reclassified)	1 January 2019 RUB'000
Correspondent accounts and receivables	7 973 302	13 918 556	13 918 556
Interbank loans and deposits	16 108 054	10 419 647	10 419 647
Subordinated loans	7 428 684	8 336 472	8 336 472
Interest accrued on amounts due to credit institutions	102 164	476 792	-
Customers' funds on broker operations	-	1	1
Fee liabilities	1 620	-	-
Total amounts due to credit institutions	24 185 140	33 151 468	32 674 676

In 2019 Bank ICBC (JSC) continued expanding cooperation with Russian and foreign financial institutions by establishing the relevant relationship and opening correspondent accounts in different currencies. In order to expand its activities at interbank market and conversion operations, the Bank also continued entering into contracts with Russian and foreign banks.

Totally 4 850 payments for 304 797 thousand rubles were made via the ICBC payment system registered in the Bank, which is more by 17% than in 2018 on the number of payments while the amount of payments significantly dropped by 44% (2018: 4 133 payments for the total amount of 544 097 thousand rubles). A part of payments in Chinese yuan decreased during 2019 which caused by the more stringent compliance policy of ICBC Group.

Currently the crucial correspondents and counterparties of the Bank are stable and reliable financial institutions.

As at 1 January 2020 the volume of interbank loans attracted has increased significantly which is mainly due to the expansion of the range of counterparties in the local market.

Below is information on the terms and conditions of subordinated loans attracted by the Bank:

Subordinated loan lender	Date of issue	Maturity date	Interest rate %	Carrying value, RUB'000	
				At 1 January 2020 RUB'000	At 1 January 2019 RUB'000
ICBC LTD (Head Office)	29.10.2013	30.10.2023	2.87	3 095 285	3 473 530
ICBC LTD (Head Office)	26.02.2018	25.02.2033	3.48	4 333 399	4 862 942
Total				7 428 684	8 336 472

4.8 Amounts due to customers other than credit institutions

Balances on settlement and deposit accounts of legal entities and individual customers by types are presented in the table below:

	1 January 2020 RUB'000	1 January 2019 RUB'000 (reclassified)	1 January 2019 RUB'000
Legal entities (incl. individual entrepreneurs), total:	22 508 094	18 841 075	18 822 684
- Uncompleted settlements	278	544 674	544 674
- Current accounts	6 739 749	7 694 434	7 694 434
- Term deposits	15 473 906	10 228 612	10 228 612
- Other borrowed funds	270 105	354 964	354 964
- Accrued interest on amounts due to legal entities	24 056	18 391	-
Individuals (excl. individual entrepreneurs), total	40 130	55 299	55 152
- Current accounts	23 404	27 685	27 685
- Term deposits	16 639	27 459	27 459
- Receivables	3	8	8
- Accrued interest on amounts due to individuals	84	147	-
	22 548 224	18 896 374	18 877 836

Funds of individuals comprise balances on current accounts, deposits and funds in settlements (transfers) of individuals.

In order to maintain the Bank's image and strengthen its status as a reliable credit institution, and to expand the customer base, the Bank is constantly working on development and implementation of individual conditions to serve its major customers.

Below is the customer funds breakdown by industries (in accordance with the Russian Industry Classification System):

Type of business activities	At 1 January 2020 RUB'000	1 January 2019 RUB'000 (reviewed data)	1 January 2019 RUB'000
Amounts due to legal entities, total:	20 984 335	17 112 302	17 112 302
including:			
<i>manufacturing industries</i>	6 044 225	4 741 749	4 741 749
<i>wholesale and retail trade; repair of motor vehicles and motorcycles</i>	4 685 149	4 048 646	4 048 646
<i>information and communication</i>	4 068 137	134 702	134 702
<i>real estate transactions</i>	2 562 567	1 906 697	1 906 697
<i>professional, scientific and technical activities</i>	1 534 288	1 752 809	1 752 809
<i>construction</i>	581 187	919 823	919 823
<i>agriculture, forestry, hunting, fishery and fish farm</i>	451 573	767 344	767 344
<i>supply of electric energy, gas and vapour</i>	393 028	1 478 460	1 478 460
<i>air conditioning</i>			
<i>transportation and storage</i>	360 962	49 345	49 345
<i>mineral production</i>	245 658	406 112	406 112
<i>activity of hotels and public catering enterprises</i>	40 185	31 676	31 676
<i>other</i>	12 314	204	204
<i>administrative activities and complimentary services</i>	5 048	35 123	35 123
<i>financial and insurance</i>	14	839 612	839 612
Amounts due to legal entities, total	1 499 425	1 165 708	1 165 708
Interest accrued on amounts due to legal entities (residents and non-residents)	24 056	18 391	-
Incomplete settlements	278	-	-
Receivables	3	544 674	544 674
Amounts due to individuals	40 043	55 152	55 152
Interest accrued on amounts due to individuals, total	84	147	-
	22 548 224	18 896 374	18 877 836

4.9 Financial liabilities measured at fair value through profit or loss

There are no financial liabilities measured at fair value through profit or loss, which were classified as those upon initial recognition as at 1 January 2020 and 1 January 2019.

4.10 Other liabilities

	1 January 2020 RUB'000	1 January 2019 RUB'000 (reclassified)	1 January 2019 RUB'000
Amounts on correspondent accounts until clarification	30 858	-	-
Other commissions	29 830		
Settlements on bank guarantees issued/letters of credit	2 017	-	-
Pending settlements	1 688	485	485
Other accounts payable	279	106	106
Interest accrued	-	-	495 330
Total financial liabilities	64 672	591	495 921
Settlements with employees	118 059	115 826	115 826
Accounts payable including current taxes payable	25 793	13 084	13 084
Total non-financial liabilities	143 852	128 910	128 910
Total other liabilities	208 524	129 501	624 831

The currency structure of other liabilities as at 1 January 2020 and 1 January 2019 is disclosed in Note 8.

Information on maturities of other liabilities is presented in table below:

At 1 January 2020 (RUB'000)

	Less than 30 days	31 days to 90 days	91 days to 180 days	181 days from 1 year	Over 1 year	Total
Financial, total	34 843	29 829	-	-	-	64 672
<i>including:</i>						
Amounts on correspondent accounts until clarification	30 858	-	-	-	-	30 858
Other commissions	1	29 829	-	-	-	29 830
Settlements on bank guarantees issued/letters of credit	2 017	-	-	-	-	2 017
Pending settlements	1 688	-	-	-	-	1 688
Other accounts payable	279	-	-	-	-	279
Non-financial, total	22 418	96 412	6 524	-	18 498	143 852
<i>including:</i>						
Settlements with employees	-	95 471	4 090	-	18 498	118 059
Accounts payable including current taxes payable	22 418	941	2 434	-	-	25 793
Total other liabilities	57 261	126 241	6 524	-	18 498	208 524

At 1 January 2019 (RUB'000)

	<i>Less than 30 days</i>	<i>31 days to 90 days</i>	<i>91 days to 180 days</i>	<i>181 days from 1 year</i>	<i>Over 1 year</i>	<i>Total</i>
Financial, total	591	-	-	-	-	591
<i>including:</i>						
Pending settlements	485	-	-	-	-	485
Other accounts payable	106	-	-	-	-	106
Non-financial, total	10 661	118 249	-	-	-	128 910
<i>including:</i>						
Settlements with employees	-	115 826	-	-	-	115 826
Accounts payable including current taxes payable	10 661	2 423	-	-	-	13 084
Total other liabilities	11 252	118 249	-	-	-	129 501

4.11 Provisions, contingent liabilities and contingent assets

As at 1 January 2020 and 1 January 2019 there are no provisions, contingent liabilities, contingent assets and non credit related contingent commitments.

Information on credit related commitments is given in the table below:

	1 January 2020 RUB'000	1 January 2019 RUB'000
Guarantees issued	4 914 040	4 255 398
Letters of credit issued	240 982	2 536 432
Credit related commitments, except for guarantees and sureties issued	7 639 329	3 983 405
Undrawn guarantee commitments	2 718 527	-
	15 512 878	10 775 235

The amounts in the table for credit related commitments are assumed to be fully advanced.

The movements in allowance for credit losses on credit related commitments:

	2019			2018
RUB'000	Allowance for impairment	Adjustment to allowance for expected credit losses	Total	Total
Credit-related commitments				
<i>At the beginning of the reporting period</i>	(284 582)	-	(284 582)	(19 568)
Effect of transition to IFRS 9	-	281 296	281 296	-
Net charge/recovery	(11 751)	(15 915)	(27 666)	(265 014)
<i>At the end of the reporting period</i>	(296 333)	265 381	(30 952)	(284 582)

A part of credit related commitments above does not necessarily represent future cash requirements, as these credit related commitments may expire or terminate without being funded. The majority of loan and credit line commitments do not represent an unconditional credit related commitment by the Bank.

As at 1 January 2020 all credit related commitments of the Bank include in Stage 1 of credit quality (1 January 2019: not impaired).

4.12 Share capital

As at 1 January 2020, the registered authorised capital of the Bank is 10 809 500 thousand rubles and consists of 432 380 ordinary registered uncertified shares with a nominal value of 25 thousand rubles each.

No additional ordinary shares were issued during the reporting period.

No decisions to place securities that can be converted into shares have been made.

4.13 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. However, judgment is necessarily required to interpret market data to determine the estimated fair value.

The table below provides analysis of financial assets, the change in carrying value of which is reflected by allowance for impairment as at 1 January 2020 and 1 January 2019, by levels of fair value hierarchy.

Fair value of loans is as follows:

	1 January 2020, RUB'000			1 January 2019, RUB'000	
	Carrying amount	Fair value	Fair value	Carrying amount	Fair value
		Level 1	Level 3		Level 1
Financial assets					
Securities held to collect	9 098 615	9 168 981	-	9 974 669	9 994 480
Loan receivables	783 509	-	783 509	-	-

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

Level 1: Quoted market prices (unadjusted) in 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;

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Fair value of financial assets measured 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.

The table below provides information on movement in fair value of loan receivables measured at fair value through profit or loss as at 1 January 2020 and 1 January 2019:

	At 1 January 2020 RUB'000	At 1 January 2019 RUB'000
Fair value as at 1 January 2019	-	-
Loans issued	954 405	-
Loans repaid	(134 156)	-
Interest income accrued	15 771	-
Interest income paid	(10 682)	-
Change in foreign exchange differences	(41 829)	-
Fair value as at 1 January 2020	783 509	-

In determining the fair value of financial instruments of Level 3 at 1 January 2020, the Bank management 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.

The table below provides information on significant unobservable input(s) used to measure financial instruments categorised to Level 3 of fair value hierarchy as at 1 January 2020:

Type of instrument	Fair value	Valuation technique	Significant unobservable input(s)	Unobservable inputs
Loans to financial institutions measured at fair value through profit or loss	783 509	Discounted cash flows from operating activities	Risk-adjusted discount rate	The cost of resources for the Bank + the Bank's margin of 0,15% - 3,00% per annum irrespective of the currency of transaction currency

If discount rates changed by plus/minus one per cent, fair value of the said instruments would be by RUB 7 835 thousand higher/lower respectively (31 December 2018: no such instruments).

For other financial assets and financial liabilities as at 1 January 2020 and 1 January 2019, fair value is not materially different from the carrying amount.

5. Accompanying information to the income statement

5.1 Significant income and expenses

	2019 RUB'000	2018 RUB'000
Total interest income	2 418 882	2 622 287
<i>including:</i>		
<i>due from credit institutions</i>	676 269	1 168 042
<i>loans to customers other than credit institutions</i>	1 251 184	963 933
<i>securities</i>	491 429	490 312
Total interest expense	(1 281 465)	(906 731)
<i>due to credit institutions</i>	(760 626)	(566 379)
<i>due to customers other than credit institutions</i>	(520 839)	(340 352)
Net interest income (negative interest margin)	1 137 417	1 715 556
Change in allowance for impairment and allowance for expected credit losses on loans receivables, amounts on corresponding accounts and accrued interest income	184 770	(95 807)
Net income from transactions with financial assets measured at fair value through profit or loss	1 258 302	(106 627)
Net income from foreign exchange revaluation	(908 235)	435 673
Fee and commission income	99 124	142 192
Fee and commission expense	(41 053)	(11 817)
Change in allowance for other losses	224 448	(271 205)
Operating expenses	(865 124)	875 646

Interest income item comprises interest income calculated using the effective interest rate method in the amount of 2 395 902 thousand rubles and other interest income of 22 980 thousand rubles.

Financial result from transactions with derivative financial instruments where the underlying asset is foreign currency is stated under the caption “Net income from transactions with financial assets measured at fair value through profit or loss”.

Employee benefits (payroll) account for the major part of Operating expenses provided in the table below, Information on remuneration is disclosed in Note 5.6.

5.2 Allowance for impairment

Information on losses and impairment recoveries recognised in profit (loss) for 2019 and 2018 is disclosed in Notes 4.1, 4.4.1, 4.4.2, 4.6, 4.11.

5.3 Information on the amount of foreign exchange differences recognised in profit or loss

Net income/(loss) from transactions with foreign exchange is shown in the table as follows:

	2019 RUB'000	2018 RUB'000
Foreign exchange income	16 697 299	10 542 219
Foreign exchange loss	16 271 720	10 411 892
Net income from transactions with foreign currency	425 579	130 327
Foreign exchange revaluation income	35 024 741	53 210 185
Foreign exchange revaluation loss	35 932 976	52 774 512
Net income from foreign exchange revaluation	(908 235)	435 673
Total net foreign exchange (loss)/income	(482 656)	566 000

5.4 Fee and commission income and expense

Information on fee and commission income by the type of income is presented in table below,

	2019 RUB'000	2018 RUB'000
Cash and settlement transactions	65 642	103 512
Guarantees and letters of credit issued	23 696	23 953
Broker operations	149	44
Other	9 637	14 683
Total fee and commission income	99 124	142 192

Disaggregation of fee and commission expense by the type of expense is as follows:

	2019 RUB'000	2018 RUB'000
Transactions with currency	28 406	-
Cash and settlement operations	4 996	6 703
Guarantees received	-	13
Depository operations	1 600	1 242
Other	6 051	3 859
Total fee and commission expense	41 053	11 817

5.5 Information on the main components of tax expense (benefit)

Information on main components of current income tax expense/(benefit) is presented below:

	2019 RUB'000	2018 RUB'000
Income tax	279 631	293 022
Other taxes, including:	27 732	24 438
VAT	27 520	24 013
Property tax	151	362
Transport tax	16	16
Other taxes	45	47
Taxes accrued (paid)	307 363	317 460

Information on main components of current income tax expense/(benefit) is presented below:

	2019 RUB'000	2018 RUB'000
Current income tax at 20% rate	200 015	216 911
Current income tax at 15% rate	79 616	75 915
Tax withheld by a tax agent	-	196
Total income tax	279 631	293 022

A reconciliation of tax expense (benefit) and results of multiplying the accounting profit by the tax rate:

	2019 RUB'000		2018 RUB'000	
Profit (loss) before income tax	1 546 039		1 075 319	
Profit net of taxes other than income tax	1 518 307		1 050 881	
Theoretical income tax expense at 20% rate	303 661	20%	210 176	20%
Adjustments for the tax effect of certain income (expenses):				
Income subject to a special tax rate	(26 539)	(2%)	(25 305)	(2%)
Changes in unrecognised deferred tax differences	(24 706)	(2%)	91 703	9%
Other	27 215	2%	16 448	1%
Income tax expense	279 631	18%	293 022	28%

As at 1 January 2020 the amount of unrecognised deferred tax asset is 66 997 thousand rubles (1 January 2019: 91 703 thousand rubles).

Tables below provides information on changes in the temporary differences for 2019 and 2018:

Item	1 January 2019 (RUB'000)		1 January 2020 (RUB'000)
	DTA/DTL	Change	DTA/DTL
Amounts due from credit institutions	-	11	11
Net loan receivables measured at amortised cost	-	6 789	6 789
Net investment in securities and other financial assets measured at amortised cost (other than outstanding loans)	15 915	8 655	24 570
Fixed assets, intangible assets and inventories	352	71	423
Other assets	64 697	(52 850)	11 847
Amounts due to customers measured at amortised cost	-	610	610
Other liabilities	10 739	5 817	16 556
Provisions for contingent credit-related commitments, other losses and transactions with offshore residents	-	6 191	6 191
Unrecognised deferred tax asset	(91 703)	24 706	(66 997)
Deferred tax asset (liability), total	-	-	-

Item	1 January 2018 (In RUB'000)		1 January 2019 (In RUB'000)
	DTA/DTL	Change	DTA/DTL
Net investment in securities and other financial assets measured at amortised cost (other than outstanding loans)	2 754	13 161	15 915
Fixed assets, intangible assets and inventories	(682)	1 034	352
Other assets	10 706	53 991	64 697
Other liabilities	6 021	(4,718:	(10,739:
Unrecognised deferred tax asset	(18 799)	(72 904)	(91 703)
Deferred tax asset (liability), total	-	-	-

No new taxes were introduced during 2019 and 2018, However, effective from 1 January 2019 a VAT rate has changes (before 1 January 2019 - 18%, after 1 January 2019 - 20%). Rates of other taxes did not change during the reporting period.

5.6 Information on employee benefits

Personnel expenses and other employee benefits include the following items:

	2019 RUB'000	2018 RUB'000
Wages and salaries	568 381	588 215
Payroll related taxes and deductions	65 784	58 573
Other personnel expenses	2 236	1 902
Personnel expenses	636 401	648 690

5.7 Information on disposal of fixed assets

During 2019 there were disposal of the fixed assets in the amount of 8 609 thousand rubles. Network equipment was the main disposed fixed asset. The reason for the disposal was termination of the useful lives of these fixed assets.

6. Accompanying information to the statement on changes in equity

During 2019 there were no significant changes in the sources of the Bank's capital.

Total comprehensive income of the Bank for the reporting period amounted to 1 238 676 thousand rubles.

In accordance with Russian legislation, dividends may only be declared to the shareholder of the Bank from accumulated undistributed earnings as shown in the Bank's financial statements prepared in accordance with Russian Accounting Legislation.

During 2019 by the Decision of the Annual Meeting of the Shareholder No.28 dated 27 June 2019, a decision was approved to allocate 37 893 thousand rubles to the Bank's reserve fund and pay dividends of 719 966 thousand rubles (during 2018: by the Decision of the Annual Meeting of the Shareholder No.27 dated 27 June 2018, a decision was approved to allocate 55 358 thousand rubles to the Bank's reserve fund and pay dividends of 2 356 748 thousand rubles).

7. Accompanying information to the statement of cash flows

Outflow (inflow) on current income tax stated in cash flows from operating activities within "Tax expense (reimbursement)" for 2019 was 274 560 thousand rubles (2018: 294 160 thousand rubles).

Cash and cash equivalents before allowance for expected credit losses are recorded in column 4 on lines 5.1 and 5.2 of the statement of cash flows (published form). The amount of cash and cash equivalents recognised in the balance sheet (published form) is disclosed in Note 4.1.

7.1 Information on significant balances of cash and cash equivalents held by the Bank but not available for use

The amount of significant balances not available for use as of 1 January 2020 amounted to 1 147 235 thousand rubles, including: amounts due from the Central Bank of the Russian Federation (obligatory reserves) – 330 237 thousand rubles; security deposit of the payment system operator – 816 998 thousand rubles.

The amount of significant balances not available for use as of 1 January 2019 amounted to 1 305 661 thousand rubles, including: amounts due from the Central Bank of the Russian Federation (obligatory reserves) – 488 663 thousand rubles; security deposit of the payment system operator – 816 998 thousand rubles.

7.2 Information on significant investments and financial transactions that do not require the use of cash

No significant investments and financial transactions that do not require to use cash were carried out during the reporting period.

7.3 Information on restricted credit facilities

As at 1 January 2020 and 1 January 2019 the Bank has no restricted credit facilities.

7.4 Information on cash flows

	1 January 2020, RUB'000	1 January 2019, RUB'000
Cash and cash equivalents at the beginning of the year	10 915 756	5 087 338
Cash	62 532	62 765
Amounts due from the Central Bank of the Russian Federation (except for obligatory reserves and security deposit of payment system operator)	2 948 963	287 121
Amount due from credit institutions, except for assets exposed to risk of losses	4 696 814	10 565 870
Cash and cash equivalents at the end of the reporting period	7 708 309	10 915 756
Increase (+)/decrease (-) in cash and cash equivalents	(3 207 447)	5 828 418

According to Reporting Form 0409814 (Statement of Cash Flows) as at 1 January 2020 the amount of line 5 "Increase/decrease of cash and cash equivalents" was (3 207 447) thousand rubles.

8. Qualitative and quantitative information on the risk management objectives and policy related to financial instruments includes the following information on each type of risk

8.1 Information on types and sources of significant risks to which the Bank is exposed

The Bank is exposed to banking risks, i.e. the possibility of losses inherent to the banking activities arising from adverse events related to internal and/or external factors.

Taking into account the nature of the Bank's operations and their scale, as at 1 January 2020 the Bank identifies the following types of significant risks:

- credit risk is the risk arising from the probability of non-performance of contractual obligations by a borrower or a counterparty of the Bank;

- market risk is the risk of incurring financial losses due to a change in the fair value of financial instruments, rates of foreign currencies and/or accounting prices of precious metals. Market risk includes equity risk, currency risk, trading book interest rate risk and commodity risk;

- liquidity risk is the risk of incurring losses due to the inability of the Bank to ensure the full performance of its obligations. Liquidity risk arises as a result of the unbalanced financial assets and financial liabilities of the Bank (including the late performance of financial obligations by one or more counterparties of the Bank), and/or the appearance of an unforeseen need for the Bank to perform its financial obligations immediately and on a one-time basis;

- concentration risk is the risk arising from the exposure of the Bank to major risks, the realisation of which could lead to significant losses that could create a threat to the solvency of the credit institution and its ability to continue as a going concern;

- interest rate risk is the risk of deterioration of the financial position of the Bank as a result of a reduction in the amount of capital, the level of income, and the value of assets as a result of changes in interest rates on the market;

- operational risk is the risk of incurring losses as a result of the unreliability and deficiencies of the internal management procedures of the Bank, failure of information and other systems, or impact of external events on the activities of the Bank.

8.2 Information on the risks accepted by the Bank, procedures for their assessment, risk and capital management

One of the most important strategic goals of the Bank is to maintain a low level of bank risks acceptable to the Bank's shareholder and creditors. In order to complete this task, the Bank has established a risk management system, which provides for a range of interrelated measures and procedures aimed to prevent and minimise damage, which may arise from for the Bank as a result of realised banking risks.

The Risk and Capital Management Strategy has been developed and approved by the Board of Directors that determines the structure of management bodies and subdivisions performing the functions related to the risk and capital management, 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 internal capital adequacy and assessment procedures (the "ICAAP"), 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 ICAAP reporting, the procedure and frequency of informing the Board of Directors of any identified deficiencies in the risk assessment and management methodology, the achievement of signal values, facts of exceeding established limits and actions taken to eliminate them, risk mitigation procedures based on information contained in the ICAAP reporting, etc.

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 objective of risk and capital management is:

- maintaining an acceptable level of risk limited by risk appetite;
- ensuring the adequacy of economic capital and regulatory capital to cover significant risks;
- compliance with the requirements of the Bank of Russia in terms of compliance with the requirements to the activities of credit institutions (ensuring the amount of regulatory capital of the Bank at a level not lower than that required by law, compliance with regulatory limits of banking activities, etc.);
- protecting the interests of the Bank, its shareholder and its clients.

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

- identification, assessment, aggregation of significant risks of the Bank and control over their level;
- ensuring efficient allocation of resources to optimise the risk-to-return ratio of transactions performed by the Bank;
- assessing the adequacy of economic capital and regulatory capital to cover significant risks;
- planning of economic capital based on the results of a comprehensive assessment of significant risks, testing of stability of the Bank in relation to internal and external risk factors, benchmarks of the Bank's development strategy, capital adequacy requirements of the Bank of Russia;
- creation of a risk and capital management system at the stage of occurrence of a negative trend, as well as of a system of prompt and adequate response aimed at preventing the risks from reaching the levels critical for the Bank (risk mitigation).

In the process of risk and capital management, the Bank is governed by the following principles:

- a multi-level principle that identifies the levels of organisational structure involved in and/or affecting the risk management process;
- the completeness principle, which implies the interaction of all divisions of the Bank in the process of identifying and assessing bank risks by line of business;
- the principle of collective decision-making in the course of banking activities, provision of services (products), which provides for the requirement for collective decision-making in cases stipulated by internal regulations;
- the principle of information sufficiency of decision-making when managing risks, involving the collection, comprehensive analysis and provision to the management bodies of the Bank of information necessary for making a balanced, objective and timely decision;
- the updating principle, which involves updating risk management methodologies and procedures in accordance with changes in the business environment and internal structural changes, constant monitoring of the adequacy of the risk and capital management methodologies used and updating them in a timely manner.

At the same time the priority for the Bank is to ensure the maximum safety of assets and the capital on the basis of minimisation of susceptibility to risks which can lead to unexpected financial losses.

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

- identifying, measuring and determining an acceptable level of the aggregate bank risk;
- protecting the interests of the Bank and the Bank's clients;
- constant monitoring of the aggregate bank risk;
- taking measures to maintain the aggregate bank risk at the level not threatening financial stability of the Bank and interests of its creditors and depositors;
- compliance by all the Bank's employees with regulations and internal banking rules and regulatory documents.

The purpose of managing the Bank's aggregate bank risk is achieved using a systematic, comprehensive approach, which involves the following tasks:

- receipt of prompt and objective information on the state and size of all risks of the Bank affecting the level of the aggregate bank risk;

- qualitative and quantitative assessment (measurement) of the aggregate bank risk;
- establishing relationships between specific types of risks to assess the impact of measures planned to limit one type of risk on the growth or reduction of other risks;
- creation of a system for managing risks assumed by the Bank, as well as the aggregate bank risk at the stage of occurrence of a negative trend, as well as of a system of prompt and adequate response aimed at preventing the risks from reaching the levels critical for the Bank (risk mitigation).

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 the Bank 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 prepares and submits reports to the Risk Committee on significant risks of the Bank 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 half a year;
- on credit risk, operational risk and concentration risk - at least once a year.

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 are:

- identification, assessment, monitoring and recommendations for risk minimisation in the Bank in accordance with the strategy determined by the Board of Directors of the Bank;
- on-going control over banking operations carried out by the Bank's Treasury.

To achieve its objectives the Risk Management Service of the Bank addresses the following objectives:

- implements and supports a comprehensive risk management system for banking risks, such as credit risk, market risk (in particular, equity and foreign currency risks), interest rate risk, liquidity risk, legal risk, reputation risk, country risk, strategic risk, operational risk, concentration risk;
- identifies origins of risks and their objects, performs risk classification and analysis;
- identifies, assesses and aggregates risks relevant for the Bank;
- recommendations regarding risk appetite level and other risk limits at the Bank, controls risk appetite levels set in the Bank;

- development of policies and procedures for stress-tests of the main risks of the Bank, performs such tests and back testing procedures;
- recommendations for management bodies of the Bank for risk mitigation in activities of the Bank;
- organisation of Risk Committee's work;
- monitoring, control and planning of the mandatory ratio N6;
- monitoring and subsequent control of mandatory ratios N2, N3, N4, N25, N1.0, N1.1, N1.2 and N1.4, as well as the open currency position of the Bank;
- control over transactions by the Bank's Treasury;
- elaboration of certain areas of risk management at the Bank.

The Credit Committee, the Assets and Liability Committee and the Risk Committee carry out the management of and control over the risks in the Bank. 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 key functions of the Asset and Liability Committee include the following:

- development and implementation of the tariff policy for the Bank's services, determination of material terms 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 risk, operational risk, liquidity risk, strategic risk, reputation risk, legal risk, as well as other risks arising in the Bank's activity, 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, etc.

The responsibilities of the Board of Directors of the Bank include the establishment of the risk management framework, approval of approaches and methods to control the principal banking risks, as well as the maximum aggregate level of risk that can be covered by the Bank's capital and its sub-limits by individual types of risks. Control over the value of the main banking risks and the value of the aggregate banking risk, as well as its sub-limits, is assigned to the Risk Management Service of the Bank.

The Bank calculates mandatory ratios on a daily basis in accordance with the requirements of the Bank of Russia. As at 1 January 2020 and 1 January 2019 the amounts of the Bank mandatory ratios comply with the limits set by the Bank of Russia.

Brief description of the risk management procedures and risk assessment methods:

Credit risk

According to the Bank of Russia Ordinance dated 15 April 2015, No. 3624-U "On Requirements to the System of Risk Management and Capital Management of a Credit Organisation and Banking Group" (as amended), credit risk is a risk arising in relation to the probability of nonfulfillment of contractual obligations by the borrower or counterparty to the Bank. Under IFRS 7 *Financial Instruments: Disclosures*, credit risk is the risk that one party to a financial instrument will incur losses as a result of the other party failure to perform its financial obligations.

The Bank has in place the credit policy and procedures governing the assessment of financial position of a borrower, procedure of making decision on loan issue and procedure of monitoring of its timely repayment. Risk per a single borrower or a group of related borrowers, maximum amount of large credit exposures, maximum risk per one related party of the Bank (group of related parties) is additionally

restricted by the internal limits, the values of which are set at the level below the numeric values of mandatory norms set by the Bank of Russia.

As at 1 January 2020 and 1 January 2019 the Bank complied with all mandatory ratios set to limit the value of credit exposures set by the Bank of Russia.

The Bank also limits the concentration of risks related to individual customer, counterparties and issuers of securities and to groups of interrelated customers. Credit risk is managed through regular analysis of a borrower's creditworthiness and through change/adjustment of credit limits, if necessary.

The purpose of credit risk management is to maintain the risk assumed by the Bank at a level that does not threaten its financial stability and the interests of its creditors and depositors. The priority is to ensure the maximum safety of assets and capital by reducing (eliminating) possible losses.

The purpose of managing the Bank's aggregate bank risk is achieved using a systematic, comprehensive approach, which involves the following tasks:

- receipt of prompt and objective information on the state and amount of credit risk;
- identification and analysis of credit risk arising in the course of operations of the Bank;
- quantitative assessment (measurement) of credit risk;
- establishing relationships between specific types of risks to assess the impact of measures planned to limit one type of risk on the growth or reduction of other risks;
- determination of the level of risk of credit operations included in the loan portfolio of the Bank;
- forecasting the risk level of the loan portfolio of the Bank with the aim of adopting adequate methods of its regulation;
- reducing the risk of the loan portfolio of the Bank and maintaining an acceptable ratio of profitability and risk indicators in the process of asset and liability management.

Current risk management system implemented in the Bank provides for the following:

- diversification of the Bank's loan and investment portfolio;
- preliminary analysis of the credit quality of the borrower (the Bank carries out the validation of the borrower's credit history, studies the borrower's reputation, analyses financial and economic activities of the customer, studies the borrower's ability to repay the debt, analyses loan security and other possible factors) and the classification of loans and equivalent debt in accordance with the regulations of the Bank of Russia;
- establishing the limit of powers of collegial bodies and officials of the Bank;
- establishing credit risk limits;
- control over the loans issued before;
- preparation of the regular reporting on the credit risk level as part of the integrated reports covering all risks of the Bank.

The Board of Directors determines the Bank's credit risk management strategy. The Bank's Management Board, in its turn, is a body, which manages credit risk and is accountable to the Board of Directors. Decisions on granting loans are made by the Credit Committee (subject to final approval by the decision of the President of the Bank who may put a veto on favourable decision of the Credit Committee, in this case the President of the Bank may not make a favourable decision if the Credit Committee has made a negative decision) and who also determines the threshold amounts (limits) of lending of the borrowers and counterparty banks, timing and conditions of loan granting. Meetings of the Credit Committee are held on a regular basis.

The Bank operates within the framework of credit limits set for the Bank by the Head Office of ICBC Ltd, (The "Head Office") on the annual basis. If the Bank needs to operate beyond the established limits, the Bank is required to receive a preliminary approval (or review of the established credit limit) by the Head Office or apply to the Head Office for special approval on the basis of an application sent. As the credit limits established by the Head Office of the Bank exceed the value of the norm H6 of the Bank, no approval of the Head Office for granting loans by the Bank is required.

The Bank performs annual revision of credit limits and their terms for credit organisation, as well as revision of credit limits and their conditions if a credit risk of a credit organisation increases.

In order to assess the Bank's credit risks and the financial position of borrowers and calculate the maximum limit of possible credit risks for each borrower (group of borrowers), the Bank has established a separate structural unit, that is the Department of Analysis of Credit Limits and Operations, which at the same time is responsible for credit analysis, identification and control of credit risks and for development and update of internal regulatory documents of the Banks related to credit risks. Customer managers submit the loan applications to the Department of Analysis of Credit Limits and Operations for financial analysis and consideration.

Methodological and practical approaches used in the process of credit risk assessment are set out in the Bank's internal documents regulating the procedure of active operations. The above-mentioned regulatory documents of the Bank are approved by the Bank's Management Board. Credit risk assessment is carried out by the Bank for all loan and equivalent indebtedness simultaneously with transactions, and thereupon – on a regular basis.

When calculating the mandatory norms and determining the amount of its own funds (equity) the Bank considers provisions for impairment on financial assets established in accordance with the Regulation of the Bank of Russia No. 590-P, Regulation of the Bank of Russia No. 611-P and Instruction of the Bank of Russian No. 2732-U.

As at 1 January 2020 allowance for impairment on loans receivables was 170 297 thousand rubles; allowance for impairment on assets other than loans of 59 517 thousand debt and allowance for impairment on off-balance liabilities of 287 582 thousand rubles.

Credit risk minimisation is ensured by a strictly regulated approach to lending operations provided for by the internal regulatory documents of the Bank. The credit risk management mechanism includes:

- application of lending standards and formalized procedures at the stages of decision-making on lending (collateral liquidity assessment, analysis of the borrowers' and counterparties' financial status, determining the degree of risk), registration and issuance of loans;
- pricing and determining a loan term with due account of the risk;
- continuous monitoring of loan debt;
- timely making the management decisions in case of credit quality deterioration;
- formation of provisions for impairment on loans in accordance with the requirements of the Bank of Russia;
- compliance with mandatory performance standards set by the Bank of Russia: maximum risk exposure per a borrower or group of related borrowers (N6), Maximum major credit exposures ratio (N7), total exposure on bank's insiders ratio (N10.1), utilization ratio of own funds (capital) for purchase of shares (interest) of other legal entities (N12), as well as the ratio of maximum risk exposure per related party or group of related parties of the Bank (N25).

In accordance with the current accounting policy of the Bank, only those securities, which meet the criteria of I or II collateral quality categories established by the Regulation of the Bank of Russia No. 590-P, are considered as security of the counterparties' credit liabilities to the Bank. Currently, the securities (surety, collateral) provided against the corporate customer loans are not used to minimise a provision. In certain cases, a guarantee deposit is accepted as a security minimising provisions under the bank guarantees issued to the subsidiaries, which are controlled by the current customers of the Head Office. The use of a mechanism of collateral of the right of claims under the collateral account agreement can be also used with regard to the above-mentioned lending operations,

The system of monitoring the status of loan and equivalent indebtedness allows to identify the problem assets in a timely manner and immediately take the necessary measures to minimise credit risks. During the reporting period the Bank has no credit liabilities in its balance sheet, with regard to which measures of writing off of financial assets or force reclamation of debt have been applied.

Credit risk monitoring is carried out by the Bank on a regular basis. Information on the credit risk is communicated to the members of the Risk Committee at least once a quarter.

To comply with the requirements of the Bank of Russia and IFRS 9 *Financial Instruments*, the Bank has worked out approaches to calculation of expected credit losses and recognition of adjustments of provisions.

The maximum exposure to credit risk from the Bank's financial assets at the reporting date is as follows:

	1 January 2020, RUB'000	1 January 2019, RUB'000
Amounts due from the Central Bank of the Russian Federation	4 096 198	1 592 782
Amounts due from credit institutions	4 696 814	10 565 870
Financial assets measured at fair value through profit or loss	783 509	-
Net loan receivables measured at amortised cost	40 911 481	42 364 229
Net investment in securities and other financial assets measured at amortised cost (other than outstanding loans)	9 098 615	9 974 669
Other financial assets	1 312	5 697
Total maximum exposure to credit risk		64 503 247

Maximum exposure to credit risk with regard to credit-related commitments as at 1 January 2020 and 1 January 2019 is disclosed in Note 4.11.

Nature and value of collateral

The amount and type of collateral required by the Bank depends on the counterparty's credit risk assessment. The Bank has established principles on the admissibility of types of security and assessment parameters.

The following table provides information on collateral received by the Bank:

	1 January 2020, RUB'000	1 January 2019, RUB'000
Property (total):	1 191 461	1 301 309
<i>including decreasing the estimated allowance:</i>	-	-
Guarantees (total):	4 631 664	4 124 261
<i>including decreasing the estimated allowance:</i>	-	-
Guarantee deposit (total):	270 105	354 964
<i>including decreasing the estimated allowance:</i>	270 105	187 126

As at 1 January 2020 and 1 January 2019 a major part of collateral received by the Bank refers to the collateral of the 1st quality category.

Guarantee deposits accepted as a reduction of the provision meet the requirements of paragraph 6.2.2 of Bank of Russia Regulation No. 590-P dated 28 June 2017 "On the Procedure for the Formation of Provisions for Impairment on Loans, Loan Debt and Equivalent Indebtedness",

The guarantors of the security received, i.e. guarantees, are the non-resident banks having the following long-term credit ratings: S&P – A, Moody's – A1.

Results of asset classification by quality categories, the amount of the estimated and actually formed allowance for impairment

Classification of the assets estimated for the purpose of creation of an allowance for impairment by quality categories is given according to data of the reporting form 0409115.

Quality category	1 January 2020 RUB'000	Allowance estimated	Allowance formed	Adjustment of allowance for expected credit losses	1 January 2019 RUB'000	Allowance estimated	Allowance formed
Category 1	38 042 069	-	-	(32 947)	49 798 031	-	-
Category 2	14 033 220	140 332	140 332	(17 531)	9 774 426	97 869	97 869
Category 3	77 370	16 249	13 986	13 710	1 322 430	277 712	273 902
Category 5	75 496	75 496	75 496	-	52 106	52 106	52 106
Total	52 228 155	232 077	229 814	(36 768)	60 946 993	427 687	423 877

Allowance formed for quality categories 2, 3 and 5 refer to the loan receivables (line 5 of the form 0409806 (Net loan receivables) and other assets (line 13 of the form 0409806 (Other assets)).

Information on the amount of allowance for impairment, their change and impact on the amount of credit risk is disclosed by the Bank in a separate document "Information on Accepted Risks, Procedures of their Assessment, Risk management and Capital Management of the Bank" placed on the Bank's website.

The amount and terms of overdue debt

One of the indicators of the risk exposure of assets is the amount of overdue debt.

As at 1 January 2020 according to the data of the reporting form 0409115, the amount of assets with overdue maturities amounted to 245 thousand rubles and was presented as follows (the report reflects the total amount of assets by the maximum delay in payments not repaid as of the time of reporting):

Seq. No.	Structure of overdue assets	Total amount of overdue debt	Overdue debt				Allowance for impairment
			Less than 30 days	31 to 90 days	91 to 180 days	Over 181 days	
1	Claims to credit institutions, total, including:	245	-	-	-	245	245
1.1	Other claims to banks	245	-	-	-	245	245
TOTAL:		245	-	-	-	245	245

Risk concentration by geographic areas

The concentration risk in the context of the regions of the Bank's presence is possibility (probability) of losses arising as a result of adverse economic changes in the region in which the Bank and/or the counterparty of the Bank operates.

The table below provides information on the risk concentration in respect of assets and liabilities of the Bank by geographic regions, according to the items of the reporting form 0409806 (Balance sheet (published form) as at 1 January 2020 and 1 January 2019).

Information is given separately for the Russian Federation, for the group of developed countries (OECD member states), for other countries, as well as separately for the PRC (People's Republic of China).

Information on the risk concentration by geographic areas as at 1 January 2020 is provided in table below.

RUB'000	Russia	Group of developed countries (OECD)	Other countries	China	TOTAL
Cash	62 532	-	-	-	62 532
Amounts due from the Central Bank of the Russian Federation	4 096 198	-	-	-	4 096 198
<i>including:</i>					
<i>Obligatory reserves</i>	330 237	-	-	-	330 237
Amounts due from credit institutions	28 120	152 561	4	4 516 129	4 696 814
Financial assets measured at fair value through profit or loss	783 509	-	-	-	783 509
Net loan receivables measured at amortized cost	36 580 348	2 491 817	65 309	1 774 007	40 911 481
Net investments in securities and other financial assets measured at amortised cost (other than outstanding loans)	8 653 951	-	-	444 664	9 098 615
Fixed assets, intangible assets and inventories	80 987	-	-	-	80 987
Other assets	1 632	-	817	-	2 449
Total assets	50 287 277	2 644 378	66 130	6 734 800	59 732 585

RUB'000	Russia	Group of developed countries (OECD)	Other countries	China	TOTAL
Amounts due to credit institutions	14 566 220	793	279	9 617 848	24 185 140
Amounts due to customers other than credit institutions	21 010 653	1 344	12 527	1 523 700	22 548 224
<i>Including deposits (funds) of individuals and individual entrepreneurs</i>	13 782	-	-	37 892	51 674
Current income tax liability	25 306	-	-	-	25 306
Other liabilities	178 416	277	29 831	-	208 524
Provisions for contingent credit-related commitments, other losses and transactions with offshore residents	30 540	165	247	-	30 952
Total liabilities	35 811 135	2 579	42 884	11 141 548	46 998 146
Net position (assets less liabilities)	14 476 142	2 641 799	23 246	(4 406 748)	12 734 439

Information on the risk concentration by geographic areas as at 1 January 2019 is provided in table below.

RUB'000	Russia	Group of developed countries (OECD)	Other countries	China	TOTAL
Cash	62 765	-	-	-	62 765
Amounts due from the Central Bank of the Russian Federation	1 592 782	-	-	-	1 592 782
<i>including: Obligatory reserves</i>	488 663	-	-	-	488 663
Amounts due from credit institutions	2 424 961	661 061	763	7 479 085	10 565 870
Net loan receivables measured at amortized cost	35 582 001	2 621 291	-	4 160 937	42 364 229
Net investments in securities held-to-maturity	8 734 476	-	-	1 240 193	9 974 669
Current income tax liability	104 629	-	-	-	104 629
Fixed assets, intangible assets and inventories	101 348	-	-	-	101 348
Other assets	7 496	1 255	-	1 348	10 099
Total assets	48 610 458	3 283 607	763	12 881 563	64 776 391
Amounts due to credit institutions	11 317 486	3 841 936	2 359 331	15 632 715	33 151 468
Amounts due to customers other than credit institutions	17 675 533	31 673	61 388	1 127 780	18 896 374
<i>Including deposits (funds) of individuals and individual entrepreneurs</i>	43 053	-	-	50 732	93 785
Current income tax liability	98 737	-	-	-	98 737
Other liabilities	129 499	-	-	-	129 501
Provisions for contingent credit-related commitments, other losses and transactions with offshore residents	100	284 482	-	-	284 582
Total liabilities	29 221 355	4 158 091	2 420 721	16 760 495	52 560 662
Net position (assets less liabilities)	19 389 104	(874 485)	(2 419 958)	(3 872 932)	12 215 729

Market risk

Market risk is the risk of financial loss due to change in fair value of financial instruments and foreign exchange rates, and (or) accounting prices of precious metals.

In order to control and manage the market risk, the Bank has adopted the Regulation on the Organization of Market Risk Management (approved by the Resolution of the Board of Directors, Minutes No. 12-16 dated 28 December 2016) and other internal documents regulating the procedure for conducting operations exposed to market risk (stock, interest rate, currency risk), set the threshold values (limits) of market risk indicators, as well as a limit on the aggregate market risk.

During 2019 the Risk Management Service regularly monitored market risk as a whole and its individual components.

Market risk includes equity risk, currency risk, interest rate risk and commodity risk.

Currency risk is the risk of financial losses due to unfavourable changes in foreign currency exchange rates and (or) open positions in foreign currencies and (or) in gold.

Fluctuations in the value of the national currency, creating a currency risk, arise from changes in foreign and domestic interest rates, which in turn are related to differences in inflation rates. These fluctuations being caused, as a rule, by macroeconomic factors, continue for a relatively long time, although the reaction of the currency market often accelerates the manifestation of trends. The value of the national currency of the country is affected by macroeconomic parameters such as the volume and direction of foreign trade and capital flows. The cause of currency fluctuations may also be short-term factors, such as expected or unforeseen political events, changes in market expectations, or speculative currency transactions. These factors may affect the demand and supply of currency, and thus, the daily dynamics of the market exchange rates.

The main goal of management and control over the currency risk is to minimise capital losses of the Bank in the formation of assets and liabilities with foreign currency.

The Bank manages the foreign exchange risk through the open currency position, based on the expected depreciation of the national or foreign currency and other macroeconomic indicators, which allows minimizing the losses from significant fluctuations of national and foreign currencies. The limits are determined both for each currency and for a set of positions in all currencies. The established limits of open currency item cannot exceed the limits set for these indicators by the Bank of Russia.

The main ways of closing the item is the sale or purchase of currency on the interbank market in a non-cash form, or in cash - through the cash desks and exchange offices.

The tool for management decision-making in the field of foreign exchange risk, used by Bank ICBC (JSC), is its evaluation using delta-normal method (VAR) for financial instruments denominated in foreign currencies and gold. This technique is adapted to the Russian foreign exchange market through the introduction of the base currency - the Russian ruble, groups of foreign currencies and forecasts adjustment based on the analysis of the variability dynamics and relationships of the exchange rates to the Russian ruble, which allows using this approach in the Bank. As a result of application of this technique, the Bank receives daily assessments of impairment (in Russian rubles) with a probability of 99% due to exchange rate changes, for positions in each currency and in total for the general open currency position of the Bank.,

To calculate the risk parameter using VAR delta normal method, it is necessary to form a risk factor sample, and in order to ensure representativeness, the number of sample values must be 250 or more (the recommendation of the Bank of International Settlements). Proper use of VAR method in the delta normal method of calculation is achieved by using only the risk factors subject to normal (Gaussian) distribution law.

After the construction of the historical series of numbers, it is necessary to determine the daily yield of the instrument using the following formula:

$$D = \ln \frac{P_i}{P_{i-1}}$$

where: D is the daily yield;

P_i is the current value of an instrument ;

P_{i-1} is the previous value of an instrument.

After that, it is necessary to calculate the mathematical yield expectation (the average for the period under review) and the standard yield deviation for the entire period.

The next step is to calculate the quantile of the normal distribution function - the value of the distribution function (Gaussian function) for given values where distribution values do not exceed this value with a certain probability. Quantile indicates that financial instrument losses will not exceed (with a probability of 99%) a certain value.

To calculate the instrument value with a probability of 99% the next day (X1), it is necessary to multiply the latest (current) value of the instrument value by the quantile summed up with a unit.

$$X_{t+1} = (Q + 1) * X_t$$

where: Q is the quantile value for the normal instrument distribution;

Xt is the current instrument yield value;

Xt+1 is the instrument yield value in the next period of time.

To calculate the stock value for a few days in advance (X2) with a given probability, the following formula is used:

$$X_{t+n} = X_t * (1 + Q * \sqrt{n})$$

where: Q is the quantile value for the normal instrument distribution;

Xt is the current shares yield value;

Xt + 1 is the yield deviation value in the next period of time;

n is the number of days in advance.

The resulting value (X1) indicates that for the next day, the financial instrument quotation deviation shall not exceed the obtained value with a probability of 99%. And (X2) indicates that over the next five days with a probability of 99% the financial instrument quotation deviation shall not exceed the obtained value.

To calculate the VAR (value of potential losses), the absolute and relative value of losses is calculated by correlating the current price of a financial instrument and the resulting value.

Currency risk management procedures are carried out in stages:

- identification of risk - open foreign currency position is identified, and the extent of its exposure to risk is determined;
- quantitative assessment of the exchange rate risk;
- limiting - putting limitations on the amount of risk for a particular currency;
- hedging - offers taking the opposite position with respect to the original one;
- diversification - distribution of assets and liabilities by various components, both at the level of instruments and their components.

Based on the exchange rate risk analysis:

- relative ratio of the maximum value of open foreign currency position of the Bank is set (limitation of open currency position);
- relative ratio of the maximum value of open foreign currency position for each foreign currency is set.

In order to control the currency risk, throughout 2019 the Bank monitored the open currency positions on a daily basis and conducted an analysis of the risk impact on equity and financial performance of the Bank.

In accordance with the internal model of currency risk assessment, the Value At Risk (VAR) for 1 day as of 1 January 2020 was 14,41 million rubles, the Value At Risk for a 5-day range was 32,23 million rubles.

The Bank monitors market risk on a regular basis. Information on the status of the market risk is communicated to the members of the Board of Directors at least once a quarter and to the members of the Risk Committee at least once a month

Risk concentration by type of currencies

In the reporting period, the management of risk concentration by type of currency was based on the diversification of portfolios of Bank ICBC (JSC) through the distribution of items by different currencies and risk reduction through maintaining low values of open currency items.

The Bank carries out operations in five foreign currencies (US dollars, Euro, Chinese Yuan, Singapore dollars and Hong Kong dollars). Most operations are carried out by the Bank in the following foreign currencies: US dollar and Chinese Yuan. The volume of transactions in other currencies is insignificant.

The structure of assets and liabilities by currency as at 1 January 2020 and 1 January 2019 is provided in table below. Information is provided in thousands of rubles.

At 1 January 2020 (RUB'000)

Assets and liabilities	Ruble (810)	US dollar (840)	Euro (978)	Chinese yuan (156)	Hong Kong dollar (344)	Singapor e dollar (702)	TOTAL
Cash	26 821	28 198	7 513	-	-	-	62 532
Amounts due from the Central Bank of the Russian Federation	4 096 198	-	-	-	-	-	4 096 198
<i>including:</i>	330 237	-	-	-	-	-	330 237
<i>Obligatory reserves</i>							
Funds in credit institutions	21 627	380 678	62 802	4 216 956	14 015	736	4 696 814
Financial assets measured at fair value through profit or loss	-	783 509	-	-	-	-	783 509
Net loan receivables measured at amortized cost	17 351 577	16 462 060	4 990 290	2 107 554	-	-	40 911 481
Net investments in securities and other financial assets measured at amortised cost (other than outstanding loans)	8 653 817	-	-	444 798	-	-	9 098 615
Fixed assets, intangible assets and inventories	80 987	-	-	-	-	-	80 987
Other assets	1 303	245	84	817			2 449
Total assets	30 232 330	17 654 690	5 060 689	6 770 125	14 015	736	59 732 585
Amounts due to credit institutions	5 247 342	9 144 545	4 609 018	5 169 865	13 667	703	24 185 140
Amounts due to customers other than credit institutions	13 217 734	7 447 957	412 801	1 469 597	135	-	22 548 224
<i>Including deposits (funds) of individuals and individual entrepreneurs</i>	9 166	39 829	-	2 679	-	-	51 674
Current income tax liability	25 306	-	-	-	-	-	25 306
Other liabilities	146 324	30 110	31	32 028	31		208 524
Provisions for contingent credit- related commitments, other losses and transactions with offshore residents	30 952	-	-	-	-	-	30 952
Total liabilities	18 667 658	16 622 612	5 021 850	6 671 490	13 833	703	46 998 146
Net position (assets less liabilities)	11 564 672	1 032 078	38 839	98 635	182	33	12 734 439

At 1 January 2019 (RUB'000)

Assets and liabilities	Ruble (810)	US dollar (840)	Euro (978)	Chinese yuan (156)	Hong Kong dollar (344)	Singapor e dollar (702)	TOTAL
Cash	25 242	33 283	4 240	-	-	-	62 765
Amounts due from the Central Bank of the Russian Federation	1 592 782	-	-	-	-	-	1 592 782
<i>including:</i>							
<i>Obligatory reserves</i>	488 663	-	-	-	-	-	488 663
Amounts due from credit institutions	22 181	956 829	3 235 948	6 142 715	202 201	5 996	10 565 870
Financial assets measured at fair value through profit or loss	15 955 013	22 742 948	2 179 661	1 480 068	6 539	-	42 364 229
Net loan receivables measured at amortized cost	8 734 476	-	-	1 240 193	-	-	9 974 669
Net investments in securities and other financial assets measured at amortised cost (other than outstanding loans)	104 629	-	-	-	-	-	104 629
Fixed assets, intangible assets and inventories	101 348	-	-	-	-	-	101 348
Other assets	5 087	2 316	-	2 696	-	-	10 099
Total assets	26 540 758	23 735 376	5 419 849	8 865 672	208 740	5 996	64 776 391
Amounts due to credit institutions	5 182 746	15 696 690	5 386 185	6 677 533	201 980	6 334	33 151 468
Amounts due to customers other than credit institutions	9 012 912	7 661 098	375 027	1 840 554	6 731	52	18 896 374
<i>Including deposits (funds) of individuals and individual entrepreneurs</i>	37 287	55 063	-	1 435	-	-	93 785
Current income tax liability	98 737	-	-	-	-	-	98 737
Other liabilities	129 015	2	-	484	-	-	129 501
Provisions for impairment on credit- related commitment, other impairment and transactions with residents of offshore zones	100	284 482	-	-	-	-	284 582
Total liabilities	14 423 510	23 642 272	5 761 212	8 518 571	208 711	6 386	52 560 662
Net position (assets less liabilities)	12 117 248	93 104	(341 363)	347 101	29	(390)	12 215 729

Equity risk is the risk of financial losses on the financial instruments sensitive to changes in fair value of equity and debt securities.

The tool for management decision-making in the field of equity risk, used by the Bank, is its evaluation using delta-normal method (VAR) for equity financial instruments relating to the trading portfolio. In the measurement of equity risk, the extent of possible changes in the price of equity financial instrument in a given period of time is measured.

The principal methods of equity risk management applied in the Bank include:

- establishing limits on issuers of equity financial instruments;
- establishing limits on transactions in equity financial instruments;
- establishing limits on dealers to carry out operations on the purchase or sale of equity financial instruments;
- establishing maximum loss limits (stop loss) on equity financial instruments.

As at 1 January 2020 the Bank had no equity risk as there were no assets exposed to this type of risk in the Bank's balance sheet.

Trading book interest rate risk is the risk of losses due to adverse changes in interest rates of the trading book and debt securities trading portfolio instruments, derivative financial instruments.

The tool for management decision-making in the field of trading book interest rate risk, used by the Bank, is its evaluation using delta-normal method (VAR) for debt financial instruments relating to the trading portfolio and derivatives.

The principal methods of trading book interest rate risk management applied in the Bank include:

- establishing limits on issuers of debt financial instruments;
- establishing limits on transactions with debt financial instruments;
- establishing limits on dealers to carry out operations on the purchase or sale of debt financial instruments;
- establishing maximum loss limits (stop loss) on debt financial instruments,

As at 1 January 2020 the Bank had no trading book interest rate risk as there were no assets exposed to this type of risk in the Bank's balance sheet.

Commodity risk is the risk on commodities including precious metals (except gold) and derivative financial instruments sensitive to changes in commodity prices.

The tool for management decision-making in the field of foreign exchange risk, used by Bank ICBC (JSC), is its evaluation using delta-normal method for financial instruments denominated in commodities and precious metals (except gold).

The principal methods of commodity risk management applied in the Bank include:

- establishing limits on certain groups of goods and precious metals;
- establishing limits on dealers to carry out operations on the purchase or sale of commodities and precious metals;
- establishing maximum loss limits (stop loss) for the group of goods and precious metals.

As at 1 January 2020 the Bank had no commodity risk as there were no assets exposed to this type of risk in the Bank's balance sheet.

During the reporting period, the Bank did not make any changes in the methodology of market risk assessment and control.

Banking book interest rate risk

Banking book interest rate risk is the risk of deterioration in the financial position of the Bank due to decrease in capital, income, asset values as a result of changes in the market interest rates.

For the analysis and assessment of banking book interest rate risk Bank ICBC (JSC) applies the duration method, as well as GAP analysis using VAR (Value At Risk) with the delta normal method.

The Bank applies the following approaches (standards) for the organization of management of the banking book interest rate risk:

- distribution of powers and responsibilities between management bodies of the Bank;
- determination of rules and procedures for management of the banking book interest rate risk;
- carrying out measures to limit and minimise the banking book interest rate risk in case of exceeding the threshold values (limits) of this risk;
- organisation of internal control over the management of interest rate risk.

System for measurement of banking book interest rate risk of the Bank should provide for:

- coverage of all significant sources of interest rate risk associated with the transactions of the Bank, including those with off-balance sheet financial instruments;
- use of generally recognised financial concepts and risk measurement techniques;
- identifying occurrence of excessive exposure of the Bank to the risk (risk concentration);
- methodological support and documentation of risk assessment procedures.

Interest rate risk management includes both asset and liabilities management of the Bank, However, the control options are limited by liquidity requirements and credit risk of asset portfolio, the set and value of debt instruments which the Bank may allocate to creditors and depositors, as well as price competition

from other financial institutions. Structuring the balance sheet once the Bank position on revaluation is determined may be aimed at reducing the gap to a level close to zero, with the aim to protect the Bank from the impact of interest rates fluctuations, or at creating such a revaluation structure, in which the predicted movement of interest rates will provide additional income.

During the reporting period the Bank did not make any changes in the methodology of banking book interest rate risk assessment and control.

As at 1 January 2020 an interest rate risk ratio calculated according to the methodology on the basis of Basel Committee using a GAP-analysis was 1.51 within an interval below 1 year.

Financial instruments exposed to interest rate risk	Less than 30 days	Less than 90 days	Less than 180 days	Less than 1 year	Less than 3 years	Over 3 years	TOTAL
Net loan receivables	24 299 331	12 888 813	2 071 506	381 502	778 278	-	40 419 430
Net investments in securities and other financial assets measured at amortised cost (other than outstanding loans)	6 829 578	360	748 197	442 969	42 841	1 038 207	9 102 152
Total assets	31 128 909	12 889 173	2 819 704	824 471	821 119	1 038 207	49 521 583
Total cumulative assets	31 128 909	44 018 082	46 837 786	46 927 705	48 483 376	49 521 583	
Amounts due to credit institutions	7 900 950	4 333 399	3 873 705	-	-	-	16 108 054
Amounts due to customers other than credit institutions	11 228 828	3 863 891	20 288	377 538	-	-	15 490 545
Total liabilities	19 129 777	8 197 290	3 893 992	377 538	-	-	31 598 597
Total cumulative liabilities	19 129 777	27 327 068	31 221 060	31 598 598	31 598 598	31 598 598	
GAP	11 999 132	4 691 883	(1 808 840)	446 933	1 555 671	1 038 207	17 922 985
Cumulative GAP	11 999 132	16 691 015	14 882 174	15 329 107	16 884 778	17 922 985	17 922 985
Gap ratio	1.63	1.61	1.50	1.51	1.53	1.57	

In assessment of interest rate risk considered are only the financial instruments exposed to fluctuations in market rates. Value of the financial instruments is specified before deduction of allowance for expected credit losses. In accordance with the Bank's internal methodology, calculations of the interest rate risk exclude funds on the correspondent accounts with credit organisations, correspondent accounts and bills receivable of credit organisations, as well as current/settlement accounts of the customer, including interest-bearing balances. This adjustment has been made due to non-existence of correlation (given the historic data) between the market change of interest rates and change of interest rates on these instruments.

As part of this type of risk, decrease (growth) of interest rates by types of currencies is considered in accordance with the following table:

Scenario	CNY	EURO	HKD	RUB	SGD	USD
Parallel shift in interest rates (in basis points)	125	100	100	200	75	100

Under this scenario, a possible change of economic (net) value of the Bank was calculated (using a duration method) by each currency - calculation is provided in the table below.

This calculation is based on the model recommended by the Basel Committee on Banking Supervision. On the basis of the computed data, the absolute value of the banking book interest rate risk is 147,27 million rubles; 0,76% (average value - 163,5 million rubles or 0,85%) of the Bank's capital, which meets the requirements of the Basel Committee and internal limit (10%) and is formed of a bank book interest rate risk in terms of rubles in the amount of 129,63 million rubles, in terms of US Dollars - 8,55 million rubles, in terms of Chinese yuan - 3,77 million rubles and in terms of Euro - 5,33 million rubles.

There were no interest-bearing assets and liabilities denominated in Hong Kong dollars and Singapore dollars in the Bank's balance sheet as at the reporting date.

In addition, to assess impact of the bank book interest rate risk on possible change of net interest income the ratios were calculated using GAP analysis in accordance with recommendations of the Basel Committee.

	Less than 30 days	Less than 90 days	Less than 180 days	to 1 year	TOTAL for the year
Time factor	0.95833	0.83333	0.62500	0.25000	229 318.58
Range of changes in interest rate, %	199 006.46	58 289.08	(18 096.31)	5 360.09	
<i>RUR</i>	150 357.52	22 833.54	(24.97)	-	
<i>USD</i>	39 798.77	18 352.97	(27 339.62)	906.28	
<i>EURO</i>	(10 331.75)	17 335.15	9 245.41	-	
<i>CNY</i>	19 181.92	(232.58)	22.87	4 453.81	
Change in net interest income (millions of rubles)	190 714.53	48 574.24	(11 310.21)	1 340.02	
<i>RUR</i>	144 092.63	19 027.95	(15.61)	-	163 104.97
<i>USD</i>	38 140.49	15 294.15	(17 087.27)	226.57	36 573.94
<i>EURO</i>	(9 901.26)	14 445.96	5 778.38	-	10 323.08
<i>CNY</i>	18 382.67	(193.82)	14.29	1 113.45	19 316.59

Effect of banking book interest rate risk on possible change in net interest income is 229,32 million rubles; 20.21% of annualised net interest income - to comply with the limit (30%); 19.21% of annualised net interest income and fee and commission income and 17.89% of profit for 2019 and comprises mostly the interest risk related to ruble.

There were no interest-bearing assets and liabilities denominated in Hong Kong dollars and Singapore dollars in the Bank's balance sheet as at the reporting date.

As at 1 January 2019 a bank book interest rate risk has the following values:

Financial instruments exposed to interest rate risk	Less than 30 days	Less than 90 days	Less than 180 days	Less than 1 year	Less than 3 years	Over 3 years
Assets						
Net loan receivables	19 796 770	13 861 464	6 930 599	91 087	-	-
Net investments in securities and other financial assets measured at amortised cost (other than outstanding loans)	2 492 704	344	34 034	3 099 664	3 219 428	1 128 768
Total assets	22 289 474	13 861 808	6 964 633	3 190 751	3 219 428	1 128 768
Total cumulative assets	22 289 474	36 151 282	43 115 915	46 306 666	49 526 094	50 654 862
Liabilities						
Funds of credit institutions	4 578 824	8 683 825	3 473 530	2 019 940	-	-
Funds from customer that are not credit institutions	4 400 551	5 435 068	11 810	408 643	-	-
Total liabilities	8 979 375	14 118 893	3 485 340	2 428 583	-	-
Total cumulative liabilities	8 979 375	23 098 268	26 583 608	29 012 191	29 012 191	29 012 191
GAP	13 310 099	(257 085)	3 479 293	762 168	3 219 428	1 128 768
Cumulative GAP	13 310 099	13 053 014	16 532 307	17 294 475	20 513 903	21 642 671
GAP ratio	2.48	1.57	1.62	1.60	1.71	1,75

In assessment of interest rate risk considered are only the financial instruments exposed to fluctuations in market rates. The value of financial instruments is specified before allowance for impairment.

Effect of banking book interest rate risk on possible change in net interest income as at 1 January 2019 is:

	Less than 30 days	Less than 90 days	Less than 180 days	Less than 1 year	TOTAL for the year
Time factor	0.95833	0.83333	0.62500	0.25000	259 560.91
Range of changes in interest rate	234 171.44	7 424.44	36 861.91	23 683.50	
<i>RUR</i>	201 713.71	17 300.61	680.69	37 189.42	
<i>USD</i>	31 389.75	(16 601.10)	5 987.38	(1 066.80)	
<i>EUR</i>	-	-	21 550.72	225.37	
<i>CNY</i>	1 067.98	6 724.93	8 643.12	(12 664.50)	
Change in net interest income (millions of rubles)	224 414.30	6 187.04	23 038.69	5 920.88	
<i>RUR</i>	193 308.97	14 417.18	425.43	9 297.36	217 448.94
<i>USD</i>	30 081.84	(13 834.25)	3 742.11	(266.70)	19 723.00
<i>EUR</i>	0.00	0.00	13 469.20	56.34	13 525.54
<i>CNY</i>	1 023.49	5 604.11	5 401.95	(3 166.12)	8 863.43

Liquidity risk is the risk of incurring losses due to the inability of the Bank to ensure performance of its obligations in full.

During the liquidity risk management process, the Bank is guided by the following basic principles:

- liquidity management is carried out on a daily basis and continuously;
- the methods and tools of liquidity risk assessment applied should not contradict the regulation of the Bank of Russia, risk management strategy, practices of the Head Office of ICBC Group.

The Bank shares the authorities and responsibility for liquidity risk management between the management bodies of the departments and business units:

- limits are set that ensure the adequate level of liquidity and meet the size, nature of business and financial position of the Bank;
- when making decisions the Bank resolves the conflict between liquidity and profitability in favour of liquidity;
- each transaction affecting the liquidity status shall be considered when calculating liquidity risk, When assets are invested in various financial instruments, the Bank strictly accounts the maturity of the source of resources and its amount;
- large transactions are analysed tentatively for their compliance with the current state of liquidity and established limits;
- planning of needs in liquidity.

The following factors may contribute to the increased liquidity risk:

- loss of trust to the banking system as a whole and (or) the Bank in particular;
- dependence on one market or a small number of partners in raising deposits;
- excessive short-term borrowings and long-term lending.

Liquidity needs of the Bank may be considered in terms of supply and demand. Sources of supply of liquid assets include:

- taking deposits, cash flows to customer accounts;
- repayment by borrowers of previously received loans;
- sale of assets;
- raising funds on the money market;

- income received.

The sources of demand for liquid assets include:

- withdrawals from deposits (current accounts) of customers;
- applications for loans;
- payment of bank charges;
- payment of dividends to shareholders.

Supply and demand situation determines the net liquidity position (surplus or shortage of liquid assets) at any time. This item shall be calculated on a daily basis, which allows planning the forthcoming needs or possible release of funds.

The Bank establishes the following requirements for the management of assets and liabilities in terms of liquidity management:

- liquidity is managed by the designated units and employees;
- liquidity management is carried out on a daily basis and continuously;
- liquidity management is based on the analysis of cash flows, taking into account the actual deadlines of assets disposal, demand and settlement of obligations;
- information about future receipt or write-off of cash from the business units is transferred immediately;
- liquidity needs are planned;
- measures to restructure resources in case of a lack of liquidity are developed and taken;
- measures to restore liquidity in case of emergency are developed and taken;
- stress testing is carried out.

The main component of liquidity risk to be controlled is instant, current and long-term liquidity.

Liquidity risk assessment includes a set of measures to monitor the Bank's compliance with mandatory N2, N3, N4 standards, analysis of the dynamics of these values; tracking structural fluctuations in assets and liabilities, determining gaps in the maturity of claims and liabilities with the estimate of the relevant liquidity indicators (GAP analysis); and measures to predict the Bank's cash flows (daily preparation of the payment schedule). Also, on a regular basis (once every six months), the Bank conducts stress tests of the liquidity risk in accordance with the scenarios developed by the Bank.

Liquidity is a fundamental factor of financial solvency. Liquidity risk is monitored on a daily basis by compiling current and forecast reports on asset and liability gaps by maturity.

In case of unforeseen developments, namely, in the event of a liquidity crisis occurrence, the Bank has developed an action plan aimed at liquidity recovery. The plan of priority measures in the event of a liquidity crisis lists the events that may cause the loss of liquidity by the Bank, determines the collegial bodies of the Bank – the Risk Committee, the Board and/or the ALCO, that arrange for the adoption and implementation of measures to eliminate the liquidity crisis. The plan also establishes measures for the management of assets and liabilities, which allow to eliminate the liquidity crisis, on the basis of which the responsibilities and actions of the relevant employees and units of the Bank are formed.

The plan also contains a description of external and internal factors of the liquidity crisis, a system of events, the occurrence of which characterises the emergence of a liquidity crisis and the definition of methods to overcome the liquidity crisis, with a list of measures, responsible departments and, for each of them, the coordinator of the Management Board of the Bank.

As at 1 January 2020 the Bank has sufficient reserve of liquid assets. The structure of the Bank's assets and liabilities distribution, as well as the net liquid position of the Bank were maintained throughout the reporting period at a high level, no violations of the liquidity deficit limits established by the Bank were recorded.

The table below shows the structure of the Bank's financial assets and financial liabilities, except for the stable balances, is presented in table below (in thousand rubles).

As at 1 January 2020:

	Less than 1 day	Less than 7 days	Less than 30 days	Less than 90 days	Less than 180 days	Less than 1 year	Over 1 year	Total
Cash	62 532	-	-	-	-	-	-	62 532
Amounts due from the Central Bank of the Russian Federation	8 456 053	-	-	-	-	-	-	8 456 053
Balance at Stock Exchange	6 459	-	-	-	-	-	-	6 459
Interbank financing	-	-	15 163 193	3 157 191	194 570	381 502	778 278	19 674 734
Loans	-	-	86 292	1 539 676	2 047 435	5 260 954	13 164 461	22 098 818
Securities	-	-	6 829 578	360	13 646	442 969	1 815 600	9 102 153
Accounts receivables	-	-	-	-	-	-	59 885	59 885
TOTAL ASSETS	8 525 044	-	22 079 063	4 697 227	2 255 651	6 085 425	15 818 224	59 460 634
Cumulative assets	8 525 044	8 525 044	30 604 107	35 301 335	37 556 985	43 642 410	59 460 634	59 460 634
LORO accounts (except for stable balances)	2 724 858	-	-	-	-	-	-	2 724 858
Interbank financing	-	-	7 900 950	-	778 420	-	7 428 684	16 108 054
Current accounts (except for stable balances)	646 676	-	-	-	-	-	-	646 676
Deposits	270 105	-	11 228 828	3 863 891	20 288	377 538	-	15 760 650
Accounts payable	124 661	-	-	-	-	-	-	124 661
TOTAL liabilities	3 766 300	-	19 129 778	3 863 891	798 708	377 538	7 428 684	35 364 899
Cumulative liabilities	3 766 300	3 766 300	22 896 078	26 759 969	27 558 677	27 936 215	35 364 899	35 364 899
Net gap	4 758 744	-	2 949 285	833 336	1 456 943	5 707 887	8 389 540	24 095 735
Cumulative gap	4 758 744	4 758 744	7 708 029	8 541 365	9 998 308	15 706 195	24 095 735	24 095 735
Cumulative GAP ratio	126.35%	126.35%	33.67%	31.92%	36.28%	56.22%	68.13%	68.13%

Value of the financial instruments is specified before allowance for expected credit losses and net of accrued interest.

In order to improve the quality of liquidity risk analysis and ensure the more reasonable planning of the Bank's activities, the Risk Management Department also calculates the stable balances on settlement accounts and LORO accounts and deducts them from the total amount of the on-demand liabilities. As at 1 January 2020 the amount of stable balances on settlement accounts is 6,11 billion rubles, and on LORO accounts - 5,27 billion rubles. As at 1 January 2019 the amount of stable balances on settlement accounts is 5,53 billion rubles, and on LORO accounts - 5,91 billion rubles.

The total gap between financial assets and financial liabilities in all currencies is 24,096 billion rubles. The maximum cumulative liquidity surplus is observed in rubles, which is formed mostly by the Bank's capital.

As at 1 January 2019:

	Less than 1 day	Less than 7 days	Less than 30 days	Less than 90 days	Less than 180 days	Less than 1 year	Over 1 year	Total
Cash	62 765	-	-	-	-	-	-	62 765
Amounts due from the Central Bank of the Russian Federation	11 668 794	-	-	-	-	-	-	11 668 794
Balance at Stock Exchange	7 734	-	-	-	-	-	-	7 734
Interbank financing	-	-	12 184 370	2 969 465	1 960 531	91 087	-	17 205 453
Loans	-	-	82 364	2 793 092	4 065 419	2 520 551	15 865 591	25 327 017
Securities	-	-	2 492 704	344	34 034	3 099 664	4 348 196	9 974 942
Accounts receivables	-	-	-	-	-	-	163 361	163 361
TOTAL assets	11 739 293	-	14 759 438	5 762 901	6 059 984	5 711 302	20 377 148	64 410 066
Cumulative assets	11 739 293	11 739 293	26 498 731	32 261 632	38 321 616	44 032 918	64 410 066	

	Less than 1 day	Less than 7 days	Less than 30 days	Less than 90 days	Less than 180 days	Less than 1 year	Over 1 year	Total
LORO accounts (except for stable balances)	13 918 556	-	-	-	-	-	-	13 918 556
Interbank financing	-	-	4 578 824	3 820 883	-	2 019 940	8 336 472	18 756 119
Current accounts (except for stable balances)	7 722 128	-	-	-	-	-	-	7 722 128
Deposits	354 965	-	4 400 551	5 435 068	11 810	408 643	-	10 611 037
Accounts payable	617 658	-	-	-	-	-	-	617 658
TOTAL liabilities	22 613 307	-	8 979 375	9 255 951	11 810	2 428 583	8 336 472	51 625 498
Cumulative liabilities	22 613 307	22 613 307	31 592 682	40 848 633	40 860 443	43 289 026	51 625 498	
Net gap	(10 874 014)	-	5 780 063	(3 493 050)	6 048 174	3 282 719	12 040 676	12 784 568
Cumulative gap	(10 874 014)	(10 874 014)	(5 093 951)	(8 587 001)	(2 538 827)	743 892	12 784 568	-
Cumulative GAP ratio	-48.09%	-48.09%	-16.12%	-21.02%	-6.21%	1.72%	24.76%	24.76%

Value of the assets is specified before allowance for expected credit losses and net of accrued interest.

As at 1 January 2020:

	Less than 1 day	Less than 7 days	Less than 30 days	Less than 90 days	Less than 180 days	Less than 1 year	Over 1 year
RUR (810)	3 055 562	3 055 562	8 075 438	8 853 319	9 382 192	10 782 435	13 976 988
USD (840)	38 677	38 677	(1 154 184)	(1 095 534)	(658 530)	2 620 847	3 989 041
EUR (978)	(714 098)	(714 098)	(3 126 380)	(3 110 971)	(2 621 735)	(1 949 773)	1 877 021
CNY (156)	2 368 768	2 368 768	3 903 321	3 884 715	3 886 544	4 242 849	4 242 849
HKD (344)	9 340	9 340	9 340	9 340	9 340	9 340	9 340
SGD (702)	496	496	496	496	496	496	496
TOTAL	4 758 745	4 758 745	7 708 031	8 541 365	9 998 307	15 706 194	24 095 735

Cumulative currency structure of the Bank's balance sheet by maturities as at 1 January 2020 is characterised by balance of currency assets and currency liabilities, in this regard the maximum cumulative liquidity surplus is observed in rubles.

As at 1 January 2019:

	Less than 1 day	Less than 7 days	Less than 30 days	Less than 90 days	Less than 180 days	Less than 1 year	Over 1 year
RUR (810)	(5 613 282)	(5 613 282)	3 825 791	3 475 059	3 587 742	5 604 512	11 736 927
USD (840)	(3 106 576)	(3 106 576)	(6 851 026)	(10 531 337)	(5 847 593)	(4 122 612)	719 744
EUR (978)	(2 179 046)	(2 179 046)	(2 179 046)	(2 179 046)	(1 618 750)	(1 064 621)	(1 428)
CNY (156)	25 251	25 251	110 690	648 684	1 340 134	326 974	329 686
HKD (344)	29	29	29	29	29	29	29
SGD (702)	(390)	(390)	(390)	(390)	(390)	(390)	(390)
TOTAL	(10 874 014)	(10 874 014)	(5 093 952)	(8 587 001)	(2 538 828)	743 892	12 784 568

Contractual undiscounted cash flows for financial liabilities were also calculated (in thousand rubles), the results of which are shown in the table below:

As at 1 January 2020:

	Less than 30 days	Less than 90 days	Less than 180 days	Less than 365 days	Over 365 days	TOTAL
LORO accounts	8 004 160	-	-	-	-	8 004 160
Interest payment on LORO accounts	2 716	-	-	-	-	2 716
Interbank financing	7 900 950	-	778 420	-	7 428 684	16 108 054
Interest payments on interbank financing	18 724	-	14 226	-	68 371	101 321
Current accounts	6 763 158	-	-	-	-	6 763 158
Interest payment on current accounts	444	-	-	-	-	444
Deposits	11 498 933	3 863 891	20 288	377 538	-	15 760 650
Interest payments on deposits	19 650	4 113	88	288	-	24 140
Accounts payable	124 661	-	-	-	-	124 661
TOTAL LIABILITIES	34 333 396	3 868 004	813 022	377 826	7 497 055	46 889 303
Cumulative liabilities	34 333 396	38 201 400	39 014 422	39 392 248	46 889 303	

As at 1 January 2019:

	Less than 30 days	Less than 90 days	Less than 180 days	Less than 365 days	Over 365 days	TOTAL
LORO accounts	13 918 556	-	-	-	-	13 918 556
Interest payment on LORO accounts	11 533	-	-	-	-	11 533
Interbank financing	4 578 824	3 820 883	-	2 019 940	8 336 472	18 756 119
Interest payments on interbank financing	203 348	144 765	70 564	388 951	3 370 780	4 178 408
Current accounts	7 722 128	-	-	-	-	7 722 128
Interest payment on current accounts	140	-	-	-	-	140
Deposits	4 755 516	5 435 068	11 810	408 643	-	10 611 037
Interest payments on deposits	12 416	38 942	-	12 702	14 243	78 303
Accounts payable	617 658	-	-	-	-	617 658
TOTAL LIABILITIES	31 820 119	9 439 658	82 374	2 830 236	11 721 495	55 893 882
Cumulative liabilities	31 820 119	41 259 777	41 342 151	44 172 387	55 893 882	

According to the results of the analysis, liquid assets and incoming interest payments are enough to cover the estimated cash outflow.

Three scenarios are taken into account when liquidity risk stress testing is performed:

1. scenario of crisis in the Bank: Due to large credit losses, rumors and (or) scandals, the Bank loses confidence of its contractors, whose money is the source of active operations funding; as a result, the Bank faces serious problem of financial insolvency. The following assumptions are made within the scenario:

- crisis in the Bank is characterised by sharp and severe shocks within a short period of time followed by long-term and significant outflow of funds;

- it is supposed that such loss of confidence on the part of counterparties would result in sharp and significant outflow of funds from the accounts of corporate, private and institutional customers of the Bank within a short period of time. Issue of the Bank's own securities (bonds and deposit certificates) and uncovered funding are possible but the cost of money raising will increase due to the growth of the Bank risk profile indices resulting in reduction of the general amount of funding;

2. scenario of total market crisis: intense and severe funding shortage observed in the market within a short period of time, preventing issue of new debt obligations and limiting access to uncovered interbank lending. Reduction of periods and volume of funding occurs due to closing first of long-term capital markets and then - short-term capital markets. The following assumptions are made within the scenario:

- liquidity crises occur as a result of a sudden shortage of funding sources, which results in increase of the cost of funding (i.e., the one influencing the income). Contractors are more sensitive to the bank's goodwill and rumours in financial market. The first stage of the liquidity crisis is characterised by growth of the cost of funding (because of spreads and more stringent requirements to security);

- on the second stage of the liquidity crisis, the sources of market funding start closing both for the individual banks and the entire banking system;

- on the third stage of the liquidity crisis, mass exodus of depositors takes place and a full-scale crisis affects the entire banking sector. Large corporate and retail customers (notwithstanding the existence of the deposit insurance system) start to withdraw deposits from the Bank.

3. combined scenario where the following assumptions are made:

- combined scenario is based on the assumption of significant slowdown of China's economy, Reduction in gross domestic product growth results in decrease of demand from export markets, thus, influencing *inter alia* the operations of trade financing and issue of the bank guarantees. Problems in real estate sector significantly influence the growth of distressed assets (increase of the number of NPLs) for the state-owned banks of China such as ICBC Group, which limits the ability of the Head Bank of ICBC Group to support subsidiary banks, including the Bank;

- as a result of such stress scenario the Bank considers a combination of liquidity risk of the entire market and liquidity risk inherent in the Bank, given a possible shrinking of the global economy (global financial crisis) in general or decline of China's economy, in particular (regional financial crisis);

- combination of scenarios is characterised by sharp and severe liquidity crisis in the Bank, alongside with the overall market crisis.

Results of a stress test on a semi-annual basis are communicated to the members of the Risk Committee of the Bank for the purposes of making management decisions on redistribution of assets/liabilities of the Bank and/or their reduction/increase (in particular, by the groups of the Bank's balance sheet), as well as to the Board of Directors. Also, on the basis of stress tests performed, the Bank may decide to implement a liquidity recovery plan in the case of emergency events.

According to results of a stress-test for 2019, the Bank has the liquidity surplus under all three scenarios and will be able to cover the outflows in all time intervals.

The Bank's Internal Audit Department carries out periodic audits of the state of control system and organisation of operations in a particular line of business of the Bank.

Liquidity risk is monitored by the Bank on a regular basis. Information on the status of liquidity risk is communicated to the members of the Board of Directors at least once a quarter and to the members of the Risk Committee at least once a month.

During the reporting period, the Bank did not make any changes in the methodology of the Bank's liquidity risk assessment and control.

Concentration risk is the risk arising from the exposure of the Bank to major risks that may result in significant losses that can threaten the solvency of a credit institution and its ability to continue as a going concern.

Procedures for the concentration risk management in the Bank include:

- identification, measurement of concentration risk in relation to significant risks;
- limiting the acceptable level of concentration for the Bank;
- procedures for determining the capital adequacy in terms of coverage of concentration risk, including procedures for the allocation of capital through a system of limits for the lines of business of the Bank and the types of significant risks;

- stress testing procedures to assess exposure of the Bank to concentration risk, and taking into account the results of stress testing in the evaluation of capital adequacy in terms of coverage of the concentration risk (defined in a separate internal document of the Bank);

- continuous monitoring of the concentration risk, informing the Board of Directors and the Risk Committee about the amount of the concentration risk accepted by the Bank, violations of established concentration limits, as well as the procedure for their elimination;

- establishing a concentration risk management system at the stage of negative trends emergence, as well as a quick and adequate response system aimed at preventing concentration risk indicators from achieving a level critically material for the Bank (risk minimisation).

To identify and measure the concentration risk, the Bank establishes a system of indicators that allow identifying concentration risk with respect to significant risks, some major counterparties (groups of related counterparties) of the Bank and persons (groups of persons) related to the Bank, economic sectors, geographic areas, etc. According to this system of indicators the Risk Management Department, at least once a year, prepares a proposal for establishment of signal levels and threshold values (limits), the violation of which is not allowed.

Among the concentration risk indicators established by the Bank, there is an indicator that is defined as the largest share of instruments with a credit risk of one type in the total scope of loans to customers. As of the reporting date, the value of this indicator was 51.79% (corporate loans – financing of current activities), which fully corresponds to the limit set for this indicator.

During the reporting period, the Bank did not make any changes in the methodology of concentration risk assessment and control.

Policies and procedures of the Bank include specific principles aimed at supporting a diversified portfolio and managing the concentration risk. The Board of Directors of the Bank ICBC approved the Regulation “On the Procedure of Concentration Risk Management”, which controls the concentration risk, sets up a system of indicators to identify the concentration risk in respect of significant risks, major counterparties (groups of related counterparties) of the Bank and related (groups of persons) of the Bank, sectors of economy, geographical areas, etc.

During 2019 the Bank used the following methods to manage the risk of excessive business concentration:

- daily monitoring and control over transactions subject to compliance with the mandatory standards established by the Bank of Russia aimed at limiting the risk of excessive concentration (N6, N7, N25 and others);

- calculation of concentration coefficients in accordance with internal methodology;

- monitoring of macroeconomic indicators of the country’s economic development (including industry and regional indicators);

- analysis of the Bank’s assets and liabilities segmentation in accordance with the established segmentation criteria;

- analysis of diversification of the deposit portfolio, loan portfolio, interbank lending portfolios, including analysis of a degree of dependence of portfolios on key customer.

Operational risk is the risk of losses resulting from unreliable and deficient internal control procedures of the Bank, failure of information and other systems, or due to the impact of external events to the operations of the Bank. Legal risk is a part of operational risk.

The Bank exercises control over operational risks using the system of registration of operational risks, Control of operational risks is implemented by building an optimal structure of the Bank’s business processes.

Process of operational risk management in the Bank consists of a few stages: identification of operational risk, assessment of operational risk, monitoring of operational risk, control and/or minimisation of operational risk.

The Bank identifies operational risk on a continuous basis. To this end, an analytical database on incurred operating losses is maintained, which covers data on types and amounts of losses by the Bank’s lines of business and circumstances of their origination.

The Bank also maintains an external database of operational risks, which covers the occurred facts of operational risk in the Bank's external environment.

Operational risk identification involves analysis of all operating conditions of the Bank for availability or possibility of emergence of operational risk factors, which is conducted at several levels:

- analysis of changes in the area of finance in general (e.g. introduction of new technologies or financial innovations) which may have impact on performance of the Bank;
- analysis of exposure to operational risk of individual line of business of the Bank, taking into account its priorities (preparation of a risk profile);
- analysis of changes (increase or decrease) in the number and amounts of cash payments made by Bank ICBC (JSC) based on the rulings (orders) of law courts, resolutions of the bodies competent under the law of the Russian Federation, as well as ratio of the number and amounts of legal actions under which payments were made by the Bank and to the Bank;
- analysis of the cases of application of retaliation measures to the Bank on the part of the supervisory and regulatory bodies, dynamics in application of such measures;
- analysis of internal procedures, including the reporting and information-sharing system.

At the stage of operational risk identification, the Bank shall pay particular attention to overlapping of powers and responsibilities of the Bank's business units and employees.

To assess operational risk the Bank also uses a basic method of operational risk calculation recommended by the Bank of Russia.

Assessment of operational risk implies calculation of the amount of impairment if operational risk is materialized.

Monitoring of operational risks allows creating a database of events (circumstances) that entailed:

- direct losses or increase in cost
- damage to goodwill;
- loss of control over the activity;
- subsequent analysis of each case of occurrence of events (circumstances) with identification of its nature and description of causes that has resulted in a particular situation and occurrence of operational risk, Operating losses database is being formed and maintained by the Risk Management Department.

To minimise operational risks, the Bank performs regular tests for compliance with information security; internal bank documentation, which regulates procedure of operation performance is further improved and the work is carried out to optimise information flows and technologies of internal document circulation.

During the reporting period, the Bank did not make any changes in the methodology of operational risk assessment and control.

The Bank discloses information on operational risk in a separate document "Information on Risk Accepted, Procedures of Their Assessment. Management of the Risks and Capital of the Bank" placed on the Bank's website.

9. Information on capital management

Capital management in the Bank has the following objectives: compliance with capital requirements established by the Bank of Russia and internal documents of the Bank, ensuring the Bank's ability to operate as a going concern, as well as maximising profits through optimisation of a debt-equity ratio.

Policy and principles of equity management in the Bank comprise a set of actions aimed at:

- achieving a balance between riskiness and profitability of operations, which is regulated by selecting the most profitable placement of the Bank's own funds subject to the strict compliance with all mandatory and internal regulations;
- alignment of the Bank's development strategy with scope of the Bank's operations;

- limiting the volume of banking operations and the risks assumed by the amount of the regulatory and the available capital.

Capital management of the Bank is based on a comparison of the Bank's risks and the scale of its operations (taking into account its development in accordance with the strategy approved by the Board of Directors) to the current level of capital adequacy. In order to maintain the required level of capital adequacy in the course of business expansion, the Bank may place an issue to the shareholder to increase the authorised capital and/or to attract a subordinated loan.

The Bank considers the internal capital adequacy assessment procedures an integral part of the internal management system and the rationale for decision-making and takes into account ICAAP results when making strategic decisions, with the view of budgeting and allocating available capital, issuance of loans and other activities.

Capital management procedures are developed and monitored by the Risk Management Department, The Board of Directors, the President and the Management Board on their part monitor the capital adequacy of the Bank, efficiency of the applied risk and capital management procedures, compliance of these procedures with the approved development strategy, nature and scope of the operations, and level and combination of the risks accepted by the Bank on an ongoing basis.

The Bank has determined that the indicator of efficiency of the internal procedures of capital adequacy assessment is sustainable growth in the value of equity capital, subject to meeting requirements for its sufficiency and distribution by types of risk. In the process of capital management the Bank strives to comply with the approved development strategy, current statutory provisions, takes into account the fact that the volume of operations is limited by the equity size, and considers dynamism of the capital volume and structure in accordance with changes in external and internal environment factors.

The Bank calculates the capital adequacy indicators and ratio in accordance with the Bank of Russia Regulation No. 646-3 dated 4 July 2018 "On Methods to Determine Equity (Capital) of Credit Institutions (Basel III)" and Bank of Russia Ordinance No. 180-I dated 28 June 2017 "On Mandatory Ratios of Banks" on a daily basis. The Bank has also developed a methodology for internal capital adequacy assessment, within which the available capital, economic capital and the value of the internal capital adequacy ratio are calculated at a given frequency.

To determine the minimum level of capital required to cover risks, the Board of Directors of the Bank has established internal capital adequacy ratios, which determine the minimum ratio of various types of available regulatory capital to risk-weighted assets of the Bank. To conduct more conservative and risk-adjusted policy, the Board of Directors, as part of the risk appetite system, has established the threshold limit of internal norm N1.0 of 12% and the "signal" level of 14%. The Board of Directors has set the threshold limit of 8% and "signal" level of 9% for internal ratio N1.1; the threshold limit of 8% and "signal" level of 9% for internal ratio N1.4; and the threshold limit of 4,5% and "signal" level of 4,8% for internal norm N1.4. Throughout 2019, the Bank's was in compliance with internal capital adequacy ratios.

The current planning of the Bank's operations is carried out taking into account the risk-weighted assessment of their impact on the amount of capital, and, if necessary, the operations are restructured in order to bring them to the required level.

The Bank monitors the regulatory requirements applicable to credit institutions, in terms of calculation of the capital amount and adequacy on an ongoing basis. The Bank maintains capital adequacy at a level that is consistent with the nature and scope of the Bank's operations.

As at 1 January 2020 and 1 January 2019 the amounts of the Bank mandatory ratios were within the limits set by the Bank of Russia.

The Management Board of the Bank has approved the Internal Capital Adequacy Assessment Process (ICAAP), that is the procedures for assessing by the Bank of adequacy of the capital available, i.e. the capital to cover the accepted and potential risks, and also include capital planning procedures on the basis of the established development strategy, business growth targets and the results of a comprehensive evaluation of the current risks, stress testing resistance to internal and external risk factors. ICAAP has been designed to connect risk management and capital management so that the capital covers all significant risks of the Bank. Risk assessment procedures shall give the whole picture for risk management, executives, Board of Directors, Shareholder and external users. At the same time, the indicator of the effectiveness of the ICAAP policy is ensuring the availability of the capital necessary to cover the risks accepted by the Bank in accordance with the risk appetite indicators, maintenance of significant risks at the level not threatening the

Bank's operations. In the process of capital management the Bank strives to comply with the approved development strategy, current statutory provisions, takes into account the fact that the volume of operations is limited by the equity size, and considers dynamism of the capital volume and structure in accordance with changes in external and internal environment factors.

There were no changes in the capital management policy during 2019.

Information on the terms, conditions and main characteristics of the credit institution's capital instruments

Primary Capital Instruments

Share capital

The authorised, issued and fully paid-up share capital includes the following components:

	At 1 January 2020 (RUB'000)		At 1 January 2019 (RUB'000)	
	Number of shares	Nominal value	Number of shares	Nominal value
Ordinary shares	432 380	10 809 500	432 380	10 809 500
Share capital	432 380	10 809 500	432 380	10 809 500

The Bank's share capital is fully owned by Industrial and Commercial Bank of China Limited JSC.

Share premium

The Bank has no share premium.

Reserve fund

In accordance with the Federal Law No. 208-FZ "On Joint Stock Companies" and the Articles, the Bank establishes a contingency fund to cover possible damages and losses from its operations at the expense of annual contributions from net profit.

The size of the contingency fund shall be 10% of the registered authorised capital of the Bank.

Annual contributions to the contingency fund until it reaches the minimum size established by the Articles of the Bank is 5% of net profit.

The reserve fund is as follows:

	At 1 January 2020 (RUB'000)	At 1 January 2019 (RUB'000)
Reserve fund	267 961	230 068

Supplementary capital Instruments

Subordinated loans

As at 1 January 2020 the Bank has 2 subordinated loans for a total of 7 428 684 thousand rubles due on 30 October 2023 and 25 February 2033. Additional information on subordinated loans is disclosed in Note 4.7.

The total amount of subordinated loans included in additional capital is 6 809 627 thousand rubles.

The table below shows the regulatory capital based on the Bank's reports prepared in accordance with the requirements of the Russian laws.

Data for the reporting period are calculated in accordance with the procedure of preparation of reporting in accordance with the form 0409123 "Calculation of Equity (Capital) (Basel III)":

	At 1 January 2020 (RUB'000)	At 1 January 2019 (RUB'000)
Core capital	11 458 235	11 414 484
Supplementary capital	7 818 875	9 089 504
Regulatory capital	19 277 110	20 503 988

Capital adequacy ratios in accordance with the requirements of the Regulation of the Bank of Russia No. 646-P dated 4 July 2018 “On Methods to Determine Equity (Capital) of Credit Institutions (Basel III)” are as follows:

Mandatory ratios	Acceptable level	Acceptable level including buffers (1 January 2020)	The calculated amount (1 January 2020), %	Acceptable level including buffers (1 January 2019)	The calculated amount (1 January 2019), %
Core capital adequacy ratio (N1.1)	Min 4.5%	Min 6.75 %	22.5	Min 5.75%	20.3
Primary capital adequacy ratio (N1.2)	Min 6%	Min 8.25 %	22.5	Min 7.25%	20.3
Equity (capital) adequacy ratio (N1.0)	Min 8%	Min 10.25 %	37.9	Min 9.25%	36.4

As at 1 January 2020 and 1 January 2019 the Bank was in compliance with minimum allowable value of capital adequacy ratio.

10. Information on the Bank’s 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 three categories of related parties:

1. Companies that are members of the ICBC financial group;
2. Key management personnel of the Bank;
3. 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 (“Other Organisations”).

In the normal course of business, the Bank conducts transactions with its principal shareholder - the Parent Bank ICBC Ltd., its branches, subsidiaries, as well as operations with key management personnel. These operations include settlements, lending, attracting interbank loans, deposits, issuance of guarantees, trade finance and foreign exchange transactions

The Bank’s transactions with related parties are carried out on the same terms as with companies that are not related.

Below are the details of transactions with related parties of the categories 1 and 2 as at 1 January 2020 and 1 January 2019:

ICBC Group (Including key management personnel of the Bank)	At 1 January 2020 RUB’000		At 1 January 2019 RUB’000	
	ICBC Group	Key management personnel of the Bank	ICBC Group	Key management personnel of the Bank
ASSET				
Amounts due from credit institutions	2 331 191	-	7 975 684	-
<i>Including the Parent Bank</i>	2 290 348	-	7 278 627	-
Net loan receivables measured at amortized cost	-	-	1 263 527	-
Other assets	817	-	12	-
Total assets	2 332 008	-	9 239 223	-

LIABILITY				
Amounts due to credit institutions measured at amortised cost	9 538 148	-	21 763 475	-
<i>Including the Parent Bank</i>	8 743 624	-	15 564 026	-
<i>Including subordinated loans from the Parent Bank</i>	7 497 056	-	8 425 850	-
Amounts due to customers other than credit institutions measured at amortised cost	-	-	-	32 631
Other liabilities	30 282	15 170	-	25 059
Total liabilities	9 568 430	15 170	21 763 475	57 690
OFF-BALANCE SHEET CLAIMS AND LIABILITIES				
Guarantees received	988 214	-	573 713	-
Guarantees issued	988 214	-	573 713	-

The table below shows the income and expenses on related party transactions, except for the remuneration of key management personnel, which is presented in a separate table below:

ICBC Group	For 2019		For 2018	
(including key management personnel of the Bank)	RUB'000		RUB'000	
	ICBC Group	key management personnel of the Bank	ICBC Group	key management personnel of the Bank
Interest income	60 812	-	83 223	-
<i>including Parent Bank</i>	46 492	-	48 689	-
Interest expense	(449 312)	(36)	(462 702)	(90)
<i>including Parent Bank</i>	(334 668)	-	(319 589)	-
Net interest income (expense)	(388 500)	(36)	(379 479)	(90)
Net foreign exchange gain (loss)	1 544 159	263	(212 556)	128
<i>including Parent Bank</i>	621 220	-	(2 345)	-
Fee and commission income	14 091	-	11 093	-
<i>including Parent Bank</i>	9 619	-	5 739	-
Fee and commission expense	(2 435)	-	(913)	-
<i>including Parent Bank</i>	(3)	-	(15)	-
Change in allowance for impairment and allowance for ECL	(20)	-	-	-
<i>including Parent Bank</i>	(20)	-	-	-
Net income (expense) from transactions with related parties	1 167 295	227	(581 855)	38

Key management personnel

The list of key management personnel of the Bank as at 1 January 2020 changed and included 5 people:

<i>Name</i>	<i>Activity</i>	<i>Functions</i>
Li Wencong	President	Management
Titlin Igor Glebovich	Vice-President	Management
Wang Gang	Vice-President	Management
Shao Changyong	Vice-President	Management
Kuzmina Natalya Viktorovna	Chief Accountant	Management

The structure of remuneration of key management personnel included in the Operating Expenses item is given in the table below:

	for the year 2019		for the year 2018	
	Total accrued expenses ‘000 RUB	Share, %	Total accrued expenses ‘000 RUB	Share, %
Wages and salaries	62 510	66.5%	61 920	51.9%
Bonuses	24 205	25.8%	43 520	36.5%
Long-term benefits	7 240	7.7%	11 267	9.5%
Other payments	-	-	2 512	2.1%
<i>including payroll related taxes and deductions</i>	<i>11 273</i>	<i>12 %</i>	<i>14 034</i>	<i>11.8%</i>
TOTAL	93 955	100%	119 219	100%

Composition of payments: short-term remuneration – wages, annual paid leave, bonuses, other payments provided for in employment agreements. No pension or other post-employment benefits, seniority bonuses, permanent disability or other long-term employee benefits were paid.

Information on transactions with related parties of category 3 as at 1 January 2020 and 1 January 2019 is provided in the table below:

Other companies	<i>At 1 January 2020 RUB'000</i>	<i>At 1 January 2019 RUB'000</i>
ASSET		
Amounts due from credit institutions	2 464	2 402 776
Net loan receivables measured at amortized cost	10 776	1 289 969
Net investments in securities and other financial assets measured at amortised cost (other than outstanding loans)	444 664	1 240 193
Other assets	3 818	-
Total assets	461 722	4 932 938
LIABILITY		
Amounts due to credit institutions measured at amortised cost	2 876 300	1 815 721
Amounts due to customers other than credit institutions measured at amortised cost		8 049 686
Other liabilities	1 888	-
Total liabilities	12 490 105	9 865 407
OFF-BALANCE CLAIMS AND LIABILITIES		
Guarantees received	3 640 797	3 550 548
Guarantees issued	3 640 797	3 550 548

The table below shows the income and expenses on transactions with related parties of category 3:

Other organisation	For 2019	For 2018
	RUB'000	RUB'000
Interest income	37 022	14 114
Interest expense	(363 794)	(47 338)
Net interest income (expense)	(326 772)	(33 224)
Net foreign exchange gain (loss)	52 353	6 349
Net and commission fee	87 129	12 949
Net and commission expense	(48)	(6)
Operating income	315	-
Operating expenses	(8 208)	-
Movement in allowance for impairment and allowance for ECL	(122)	-
Net income (expense) on related party transactions	(195 591)	(13 932)

11. Other information to be disclosed

In 2019 the Bank had no obligations on long-term employee remuneration:

- on post-employment payment schemes limited by fixed payments;
- on post-employment payment schemes not limited by fixed payments;
- on joint schemes of several employers.

The Bank has no payments based on equity instruments and there were no business combinations during the reporting period.

President

Li Wencong

Chief Accountant

Kuzmina N.V.

10.04.2020

