

Registre de Commerce et des Sociétés

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ICBC 工银欧洲

2022 Annual Report

ICBC (Europe) S.A.



Dear Shareholder and Stakeholders,

It is my honour to present the Chairwoman's statement for the annual report of ICBC (Europe) S.A. for the year 2022.

In the year 2022, the Bank has navigated through the COVID-19 pandemic, a volatile EU macro-economy, geopolitical issues, and turbulent markets. Despite all the challenges, the Bank continuously pursued its vision and achieved much progress.

While expanding our corporate finance business, including various types of loans, we also diversified our service range in money market and foreign exchange operations, international trade settlement, investment banking, cash management, deposit taking with remittance operations and Renminbi (CNY) related business. By end of year 2022, loans and advances to customers reached EUR 2.98 billion compared to EUR 2.44 billion at end of year 2021, representing a 22% increase. The amounts owed to customers were EUR 3.95 billion at end of year 2022 compared to EUR 2.98 billion at end of year 2021, which stands for an increase by 33%.

We have also been steadfastly implementing the strategy of ICBC Head Office and achieved commendable results. In 2022, the Bank continuously supported the 5th China International Import Expo (CIIE) and the China-EU CEO forum organized by ICBC Group.

Throughout the year, the Bank remained committed to its core businesses, and spared no efforts in ensuring steady growth within the Bank's established risk appetite framework. In the face of difficulties, we have taken proactive actions such as streamlining our structure, expediting centralization projects, enhancing asset and liability management, and implementing cost-cutting measures.

The Bank paid full attention to its stakeholders including customers, regulators, the shareholder, branches and employees, and has striven to meet their unique expectations and demands.

I extend my sincere gratitude to our clients for their unwavering support, and my appreciation to my fellow directors, the management team, and our diligent staff for their untiring efforts and constant contributions throughout 2022.

Thank you for your trust and support.

Yours sincerely,



Ms. Li Li
Chairwoman of the Board
Luxembourg, June 2023

**Industrial and Commercial
Bank of China (Europe) S.A.
32, Boulevard Royal
L-2449 Luxembourg**

R.C.S. Luxembourg; B 119320

Annual accounts as at 31 December 2022
(with report of the réviseur d'entreprises agréé thereon)

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Management Report

For the year ended 31 December 2022

The Authorized Management of the Industrial and Commercial Bank of China (Europe) S.A. (the "Bank" or "ICBC (Europe) S.A.") presents its report and the Annual Accounts for the year ended 31 December 2022.

As of 31 December 2022, the Bank registered in Luxembourg has six Branches in Paris, Amsterdam (with a sub-branch in Rotterdam), Brussels (with a sub-branch in Antwerp), Milan (with a sub-branch in Rome), Madrid (with a sub-branch in Barcelona) and Warsaw (collectively "the Branches"), and has a Representative Office in Athens.

Financial review

The total assets reached EUR 7,403,548,296 as of 31 December 2022, of which an amount of EUR 2,975,427,745 corresponds to Loans and advances to customers, and an amount of EUR 888,843,669 corresponds to Loans and advances to credit institutions.

The total liabilities as of 31 December 2022 amount to EUR 7,403,548,296 of which EUR 2,761,981,943 are Amounts owed to credit institutions and EUR 3,947,849,046 are Amounts owed to customers. The Bank's total share capital amounts to EUR 437,432,880, which represents 36,452,740 shares at a par value of EUR 12 as of 31 December 2022. During the year 2022 the Bank did not acquire any of its own shares and had no specific activities in the field of research and development.

The key movement in the balance sheet as at year-end 2022 compared to prior year is mainly characterized by the overall increase in Cash, balances with central banks and post office banks by EUR 1,473,921,364 that is funded mainly by the increase in Amounts owed to customers by EUR 972,434,742, and the increase in Amounts owed to credit institutions by EUR 307,318,817.

The Bank generated a loss for the financial year 2022 of EUR 147,706,626 compared to prior year profit of EUR 1,178,755. The loss for the financial year 2022 incurred was mainly due to Value adjustments in respect of loans and advances and transferable securities which are not held as financial fixed assets and are not included in a trading portfolio, and provisions for contingent liabilities and for commitments. The return on assets amounts to -2.00% as of end of December 2022 (2021: 0.02%).

Key Business Operations

The principal business activities of the Bank during the year of 2022 are represented by corporate banking, bond underwriting, cash management, fixed-income investment, money markets and foreign exchange operations, deposit taking and remittance operations, and Renminbi (CNY) related business. In order to integrate and develop investment banking business, the Bank renamed in 2022 the Investment Banking Center to the Investment Banking Department. The European Cash Management Center continued its function as the Settlement and Cash Management Department to target local customers and key multinational companies.

Management Report

In 2022, the Bank and its Branches continued to explore local business opportunities and served the financial demands of entities with Chinese background. The Bank has continued the steady expansion of its customer base in banks and non-bank financial institutions during the year 2022 in various business lines such as loans, trade refinancing, bond issuance underwriting, money market and FX. The Bank and its Branches continued the TLTRO project promoted by BCL through the syndicated way in order to reduce funding costs.

In 2022, the Bank achieved management optimization as the financial market back-office operation have been centralized to headquarters and through the development of data governance, reports automation and new systems implementation.

In line with its strategy the Bank continued recruitment from the European market in 2022 in order to reach a right balance in its human resources and to benefit from relevant skills, knowledge and experience for its activities.

✧ Risk Management System

In 2022, the Bank continued to invest significant resources in order to strengthen its enterprise risk management framework through a more centralized and optimized internal governance structure for credit granting and monitoring, capital risk, market risk, liquidity risk and asset and liability management. Following the increased volatility of interest rate levels on international markets, the Bank monitored the evolution of its interest rate risks for banking book ("IRRBB") on a monthly basis from end of Q1 onwards. The Bank also implemented a measure of the IRRBB on the earnings perspective, complementary to the net interest income (NII) perspective from Q2 onwards, and upgraded the internal model to implement the computation of option risk for early withdrawal of term deposits and prepayment of loans. An "Enhanced Stress Test" was also defined and computed, that considers the actual observations of interest rate variation as stress factors. Throughout 2022, the Bank did not breach the regulatory thresholds on IRRBB.

In 2022, the Bank updated its risk appetite indicators and limits to balance risk and return and in support of its risk strategy to control risks, improve comprehensive risk management system, enhance risk management capabilities and ensure the unity of risk appetite management. Outside of the profitability indicators, key risk appetite indicators achieved satisfactory and adequate levels.

At the end of 2022, the Capital adequacy ratio was 19.04%.

For credit risk, the Bank has continuously reinforced the unified credit management mechanism by strengthening credit risk monitoring during the COVID-19 pandemic and geographical tensions and conflicts, optimizing risk appetite and risk limits related to credit risk and country risk, updating internal policies and procedures on credit management. Through the Global Credit Management System, the Bank followed the credit risk management methodology developed by its Parent Company.

Management Report

As of 31 December 2022, the Bank's Non-performing loans (NPL) ratio was 1.46%. Value adjustments in respect of loans and advances and provisions for contingent liabilities and for commitments were allocated EUR 34mio by the end of year 2022 to mitigate credit risk. The Bank's bond investments are in line with the annual bond investment strategy. By 31 December 2022, all credit risk limits were compliant with the risk limits plan.

For market risk, the Bank issued the 2022 Annual Plan for the Market Risk Limit Management in the Trading Book. At the end of 2022, all market risk limits were compliant with the risk limits plan.

For liquidity risk, the Bank has implemented the liquidity risk policy aiming to ensure that the Bank maintains sufficient liquidity and to conform to the regulatory requirements, and implemented internal target management of Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) on both aggregated level and at branch level. The Bank has initiated a project to realize the centralized management of all liquidity regulatory indicators in Assets and Liabilities Management Department in headquarters. The LCR was 252.14% and the NSFR was 127.31%, which were compliant with the regulatory requirements and internal targets. The impact of a 200 bps decrease/increase in the interest rates on the economic value of the Bank would be EUR 28.03mio and EUR -51.74mio respectively. Moreover, the worst result of the additional 6 scenarios (being the Parallel Shock Up) leads to a decrease in the economic value of EUR 51.86mio. The decreases resulting of these tests equal respectively 7.30% and 10.20% of the Bank's own funds/CET1 capital. The "Enhanced Stress Test" computation shows a decrease of the Bank's Economic Value of Equity of EUR 71.51mio. As far as NII results are concerned, the results of the regulatory parallel stress test show respectively an increase (resp. a decrease) of EUR 10.16mio in the cases of a parallel shock down (resp. up). In terms of earnings, the test results in an increase of EUR 67.88mio and a decrease of EUR 63.85mio in case of a parallel shock down/up.

In respect of operational risk, the Bank has updated its limits and warning values of operational risk appetite of 2022, completed the operational risk assessment report and fraud event report on payment services, and improved the management of operational risk events.

Information regarding the Bank's Pillar 3 Disclosure Report for 2022 will be placed on the Bank's website during 2023: <http://www.icbc.eu>

With regard to legal risk, the Bank has a management system and a reporting and communication mechanism within headquarters and Branches in place and established procedures to prevent and control legal risk as well as to handle customer complaints.

For reputation risk, the Bank adheres to the prevention-oriented principle and established a mechanism to monitor negative news and to identify any possible reputation risk.

With regard to compliance risk, in 2022, the Bank further enhanced its AML&CTF framework and risk assessment, and has closely coordinated a comprehensive corporate governance project to ensure compliance with the latest regulatory developments.

The European Chief Compliance Officer (the "ECCO") has brought the compliance function transformation initiated in 2019 to an end from a structural perspective, laying down the basis for the function to further progress.

Management Report

On this basis, the compliance function has continued developing its training program, risk assessing and monitoring framework, and oversight of Branches. This was made possible through the further strengthening of its oversight function at headquarters, the enhancement of compliance tools management, of normative documentation designing and updating, and enhancement of management information. In 2023, the Bank and the compliance function will continue to further improve the corporate governance and compliance framework, namely focusing on risk assessment, control and reporting.

✧ ESG considerations

In 2022, the Bank has set up the Sustainable Finance Department and has worked to deliver on ESG integration and enhancement. The Bank will continue financing the transition to a low carbon economy in Europe. The Bank will identify and manage climate risks related to business activities, and capture new growth opportunities in ESG linked loan business and Sustainable bonds issuance. Therefore the Bank is preparing and taking the necessary steps to fully adopt the fast developing European and Luxembourg sustainability framework, consisting of the Renewable Energy-Recast to 2030 (RED II) focusing on facilitating an EU-wide green energy transition, the REPower EU Plan, seeking to establish and bolster EU energy security in lieu of the Green Deal and the wider sustainable economic transition, and the hydrogen and decarbonised gas market package, seeking to facilitate the energy transition in a granular way.

✧ Statement of Authorized Management's responsibilities

The Bank prepares and presents the legal prudential reports to the CSSF according to the regulations applicable to Luxembourg financial institutions and publishes the annual report and necessary information according to the laws and regulations of the Grand Duchy of Luxembourg.

The Members of the Authorized Management have examined the 2022 annual accounts and financial reports according to the applicable laws and regulations.

✧ Allocation of results

No dividend has been paid during 2022 and the Authorized Management proposes that no dividend will be paid during 2023 for the year ended 31 December 2022. As required by Luxembourg law, the Bank keeps a legal reserve. The Authorized Management proposes to allocate the loss of the financial year 2022 to the Result brought forward.

✧ Significant events

The following significant events took place during the financial year 2022:

On 7 September 2016, the Ministry of Economy and Competitiveness in Spain notified the initiation of administrative proceeding against ICBC (Europe) S.A., Spain Branch on grounds of an alleged failure to meet its anti-money laundering obligations. This proceeding was closed in 2022, since ICBC (Europe) S.A., Spain Branch received the final resolution on 15 June 2022.

Management Report

To comply with requirements, during 2022 the Bank followed up the Luxembourg regulatory authorities' observations and requests in agreed action plans.

Following COVID-19 pandemic in 2020, the Bank implemented a working arrangement to protect the health and safety of the staff and their relatives and to maintain the continuity of its activities. In 2022, for the sake of efficiency the Bank has adjusted its on-site working plan by offering work flexibility to staff in line with the trends of the sanitary situation in Europe. There were no major disruptions to the activities of the Bank and the Bank continued to further enhance and develop its digital working environment. During the year 2022, there were no critical negative effects on the Bank's solvency, liquidity and business or the quality of the credit portfolio due to the COVID-19 pandemic.

No other matters or events have occurred subsequent to 31 December 2022 that would materially affect the Annual Accounts and related disclosures for the year ended 31 December 2022.

✧ The forecasts for 2023

Apart from general challenges from the financial markets, the macroeconomic situation in the European Union and potential development of inflation and ECB interest base rates, the conflict in Ukraine and related potential price fluctuations and supply of commodities, energy and natural resources could have long lasting effects on the economic situation in the European Union for the whole year 2023. On the date of this report the effect of the aforementioned factors on the Bank's business for the whole year 2023 is still uncertain. In case of on-going uncertainties and potential volatility for the whole year 2023 triggered by the Ukraine conflict, the business of the Bank could be affected negatively whereas no critical negative effects on the Bank's solvency and liquidity are expected by the Authorized Management of the Bank. However, in light of the aforementioned uncertainties the Authorized Management of the Bank and its Branches are preparing for potential negative scenarios, managing potential risks. In 2023, the Bank is targeting new business opportunities and is preparing new financing instruments by establishing an EMTN programme and will continue operating in corporate banking activities and serving its clients, Chinese companies investing in Europe, European companies with business interests in China as well as local companies.

The Authorized Management of Industrial and Commercial Bank of China (Europe) S.A.



LI Li
General Manager

Luxembourg, March 2023

To the Board of Directors of
Industrial and Commercial Bank of China (Europe) S.A.
32, Boulevard Royal
L-2449 Luxembourg

REPORT OF THE *RÉVISEUR D'ENTREPRISES AGRÉÉ*

Report on the Audit of the Annual Accounts

Opinion

We have audited the annual accounts of Industrial and Commercial Bank of China (Europe) S.A. (the "Bank"), which comprise the balance sheet as at December 31, 2022 and the profit and loss account for the year then ended and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Bank as at December 31, 2022 and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for Opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "*Commission de Surveillance du Secteur Financier*" (CSSF). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the *réviseur d'entreprises agréé* for the Audit of the Annual Accounts" section of our report. We are also independent of the Bank in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of the audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of loans and advances to customers and related disclosure

- a) *Why the matter was considered to be one of most significance in our audit of the annual accounts for the year ended December 31, 2022*

The loans and advances to customers at year-end amounted to EUR 2,975,427,745. These loans are recorded at acquisition cost and the Bank establishes specific provisions for doubtful loans (EUR 40.46 million as at December 31, 2022). Certain aspects of the accounting for loan losses require significant judgement of management, such as the identification of loans that are deteriorating, the assessment of objective evidence for impairment, the value of collateral and the estimation of the recoverable amount.

The portfolios which give rise to valuation uncertainty are those where loans and advances to customers were unsecured or subject to potential collateral shortfalls.

Due to the significance of loans and advances to customers and the related estimation uncertainty, we consider the valuation of loans as a key audit matter. Please refer to the Bank's accounting policies in note 2 "Summary of significant accounting policies" and note 3 "Financial instrument disclosures" relating to credit risk paragraphs of the annual accounts.

- b) *How the matter was addressed in the audit?*

Our audit approach included testing the design, implementation and operating effectiveness of internal controls around determining loan loss provisions as well as substantive audit procedures.

Our evaluation of the design, implementation and operating effectiveness of key controls relating to the lending process, included the following:

- the credit analysis and approval by an appropriate authority prior to granting the loan;
- the recording of correct loan parameters in the systems based on approved loan contract documentation;
- the regular monitoring of the collaterals value, including regular pricing of financial instruments and monitoring of the shortfall of collaterals and required level of additional collateral buffer.

Our substantive audit procedures included the following:

- reading the minutes of the Bank's Credit Committee meetings up to the date of the audit report in order to identify impairment indicators at the year end;
- for the loan portfolio which is fully collateralized:
 - with financial guarantees, we challenged the Bank's internal assessment of the guarantors to identify any potential trigger that could affect the recoverability of the exposure;

- in cases where the collateral was not financial guarantee, we considered the most recent valuation reports available.
- for the loan portfolio which is not fully collateralized, we challenged the Bank's internal assessment of the creditworthiness of the customers based on the external credit ratings, latest financial statements and publicly available information to identify any trigger that could indicate potential issues in the recoverability of the exposure. Besides this, we confirmed whether any overdue payments occurred during the financial year and subsequently;
- assessing the impairment allowances for individually impaired loans and advances to customers;

Finally, we assessed whether the disclosures in the annual accounts appropriately reflect the Bank's exposure to credit risk.

Other Information

The Board of Directors of the Bank is responsible for the other information. The other information comprises the information stated in the management report but does not include the annual accounts and our report of the *"réviseur d'entreprises agréé"* thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and Those Charged with Governance for the Annual Accounts

The Board of Directors of the Bank is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors of the Bank determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors 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 the Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "réviseur d'entreprises agréé" for the Audit of the Annual Accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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 accounts.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, 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 the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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 report of the "réviseur d'entreprises agréé" to the related disclosures in the annual accounts 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 report of the "réviseur d'entreprises agréé". 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 accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on Other Legal and Regulatory Requirements

We have been appointed as "*réviseur d'entreprises agréé*" by the General Meeting of the Board of Directors on December 16, 2022 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is two years.

The management report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

We confirm that the prohibited non-audit services referred to in the EU Regulation N° 537/2014 were not provided and that we remain independent of the Bank in conducting the audit.

For Deloitte Audit, *Cabinet de révision agréé*



Volotovskaya Ekaterina, *Réviseur d'entreprises agréé*
Partner

Luxembourg, March 31, 2023

Industrial and Commercial Bank
of China (Europe) S.A.

Balance Sheet
As of 31 December 2022
(expressed in EUR)

<u>Assets</u>	<u>Notes</u>	<u>31.12.2022</u>	<u>31.12.2021</u>
Cash, balances with central banks and post office banks	3	2,018,547,779	544,626,415
Treasury bills and other bills eligible for refinancing with central banks	3, 4	655,781,591	507,724,568
- Treasury bills		372,878,080	418,744,583
- Other bills eligible for refinancing with central banks		282,903,511	88,979,985
Loans and advances to credit institutions	3, 6	888,843,669	1,457,034,752
a) repayable on demand		375,366,752	239,439,210
b) other loans and advances		513,476,917	1,217,595,542
Loans and advances to customers	3	2,975,427,745	2,444,521,936
Debt securities and other fixed-income securities	3, 4	787,316,476	1,219,641,571
- issued by public bodies		161,276,979	264,148,826
- issued by other borrowers		626,039,497	955,492,745
Shares and other variable-yield securities	3, 4	15,801,488	15,932,478
Intangible assets	5	65,624	49,821
Tangible assets	5	25,729,168	26,321,314
Other assets	7	2,903,621	15,659,594
Prepayments and accrued income	6, 8	33,131,135	14,645,686
Total assets	9	<u>7,403,548,296</u>	<u>6,246,158,135</u>

The accompanying notes form an integral part of the annual accounts.

Industrial and Commercial Bank
of China (Europe) S.A.

Balance Sheet (continued)
As of 31 December 2022
(expressed in EUR)

<u>Liabilities</u>	<u>Notes</u>	<u>31.12.2022</u>	<u>31.12.2021</u>
Amounts owed to credit institutions	3, 6	2,761,981,943	2,454,663,126
a) repayable on demand		211,127,507	213,792,851
b) with agreed maturity dates or periods of notice		2,550,854,436	2,240,870,275
Amounts owed to customers	3	3,947,849,046	2,975,414,304
a) repayable on demand		2,457,605,446	1,875,179,304
b) with agreed maturity dates or periods of notice		1,490,243,600	1,100,235,000
Other liabilities	7	8,481,695	12,890,080
Accruals and deferred income	6, 8	55,717,471	25,987,052
Provisions	12	20,412,177	20,390,982
a) provisions for taxation		4,284,481	2,107,114
b) other provisions		16,127,696	18,283,868
Subordinated liabilities	3	200,000,000	200,000,000
Subscribed capital	10	437,432,880	437,432,880
Reserves	11	7,884,416	7,884,416
Profit/(Loss) brought forward	11	111,495,294	110,316,540
Profit/(Loss) for the financial year	11	(147,706,626)	1,178,755
Total liabilities	9	7,403,548,296	6,246,158,135

The accompanying notes form an integral part of the annual accounts.

Industrial and Commercial Bank
of China (Europe) S.A.

Off balance sheet
As of 31 December 2022
(expressed in EUR)

<u>Off balance sheet</u>	Notes	31.12.2022	31.12.2021
Contingent liabilities	3, 22	372,786,263	356,630,861
Commitments			
Undrawn credit facilities	3, 22	1,445,490,255	1,804,755,846

The accompanying notes form an integral part of the annual accounts.

Industrial and Commercial Bank
of China (Europe) S.A.

Profit and loss account

As of 31 December 2022

(expressed in EUR)

	Notes	31.12.2022	31.12.2021
Interest receivable and similar income	14	129,221,525	65,010,978
<u>of which:</u>			
- arising from fixed-income transferable securities		29,521,482	13,657,173
Interest payable and similar charges	14	(83,392,836)	(20,806,543)
Participating interest		20,468	0
Commission receivable		28,800,924	19,584,220
Commission payable	15	(5,714,015)	(3,882,820)
Net profit or net loss on financial operations	16	(7,175,302)	15,406,231
Other operating income	18	9,497,974	12,331,415
General administrative expenses		(70,550,276)	(75,727,038)
a) staff costs	19	(52,860,282)	(57,544,521)
<u>of which:</u>			
- wages and salaries		(36,948,853)	(40,115,126)
- social security costs		(9,869,895)	(11,436,498)
b) other administrative expenses		(17,689,994)	(18,210,125)
Value adjustments in respect of tangible and intangible assets	5	(757,560)	(810,041)
Other operating charges	18	(6,047,923)	(5,029,078)
Value adjustments in respect of loans and advances and transferable securities which are not held as financial fixed assets and are not included in a trading portfolio, and provisions for contingent liabilities and for commitments	3	(148,002,981)	(2,742,461)
Value re-adjustments in respect of loans and advances and transferable securities which are not held as financial fixed assets and are not included in a trading portfolio, and provisions for contingent liabilities and for commitments		9,548,923	0
Value adjustments in respect of transferable securities held as financial fixed assets, participating interests and shares in affiliated undertakings		(916,424)	0
Value re-adjustments in respect of transferable securities held as financial fixed assets, participating interests and shares in affiliated undertakings		33,229	0
Tax on profit on ordinary activities		(2,272,353)	(2,128,500)
Profit/(Loss) on ordinary activities after tax		(147,706,626)	1,178,755
Profit/(Loss) for the financial year		(147,706,626)	1,178,755

The accompanying notes form an integral part of the annual accounts.

Industrial and Commercial Bank
of China (Europe) S.A.

Notes to the annual accounts
As of 31 December 2022

Note 1 – General

Corporate matters

Industrial and Commercial Bank of China (Europe) S.A. (the "Bank") was established on 5 September 2006 under the legal form of "Société Anonyme" in accordance with Luxembourg law and formed for an unlimited duration.

The head office of the Bank is located 32, Boulevard Royal at L-2449 Luxembourg. The Bank is registered at the Trade Register of Luxembourg (RCS) under the number B 119320.

On 3 December 2010, an Extraordinary General Meeting of the Shareholders resolved unanimously to change the name of the Bank from Industrial and Commercial Bank of China, Luxembourg S.A. into Industrial and Commercial Bank of China (Europe) S.A..

The Bank's accounts are consolidated into the accounts of Industrial and Commercial Bank of China Ltd., Beijing, China ("ICBC Ltd."), forming the largest body of undertakings of which the Bank forms a part as a subsidiary undertaking. These accounts may be obtained from the parent company at 55, Fuxingmennei Avenue, Xicheng District, 100140 Beijing - China.

Nature of the Bank's business

The Bank operates all kinds of banking and financing activities for its own account and for its clients. It will also operate as a central development platform for marketing its services in Europe via a network of branches.

As of 31 December 2022, the Bank registered in Luxembourg has six Branches located in Paris, Amsterdam (with a sub-branch in Rotterdam), Brussels (with a sub-branch in Antwerp), Milan (with a sub-branch in Rome), Madrid (with a sub-branch in Barcelona) and Warsaw (collectively "the Branches") and a Representative Office in Athens.

Annual accounts

The Bank's accounting year coincides with the calendar year.

Notes to the annual accounts (continued)
As of 31 December 2022

Note 2 – Summary of significant accounting policies

The annual accounts have been prepared in accordance with the laws and regulations in force in the Grand-Duchy of Luxembourg and on the basis of accounting principles generally accepted in the banking sector in the Grand-Duchy of Luxembourg.

The accounting policies and the valuation principles are, besides the ones laid down by the law and regulations, determined and applied by the Board of Directors.

The business policy and valuation principles, unless prescribed by the Luxembourg rules and regulations, are determined and monitored by the Board of Directors in accordance with those applied in the ICBC Ltd. Group.

The significant accounting policies are as follows:

The date of recording transactions in the balance sheet

Assets and liabilities are stated in the balance sheet according to when the amounts concerned become cleared funds, that is, their date of effective transfer.

Foreign currencies

The annual accounts are expressed in Euro (EUR).

The Bank uses the multi-currency accounting system which records all assets and liabilities in their original currencies. For the preparation of the annual accounts which are expressed into Euro, amounts in foreign currencies are translated as follows:

- All assets and liabilities items denominated in foreign currencies are translated into Euro at the spot rate of exchange prevailing at the balance sheet date. However, tangible and intangible assets, subscribed capital, profit brought forward and reserves are translated into Euro at their historical exchange rates. Both realized and unrealized profits and losses arising on revaluation are accounted for in the profit and loss account;
- Revenues and expenses in foreign currencies are recorded in their original currencies and translated into Euro at the rate of exchange prevailing at transaction dates.

Notes to the annual accounts (continued)
As of 31 December 2022

Note 2 – Summary of significant accounting policies (continued)

Terms of assets and liabilities

Assets and liabilities described as repayable on demand comprise amounts which can be drawn without notice or for which a notice of 24 hours or one working day has been agreed. The expression “with agreed maturity dates” in the various captions refers to a final maturity in excess of one working day, including period of notice exceeding one working day. Assets and liabilities are always classified on the basis of their remaining term as at the balance sheet date.

Loans and advances

Loans and advances are stated at their acquisition price. The policy of the Bank is to establish specific provisions for doubtful loans in accordance with the circumstances and for amounts specified by the Board of Directors. These provisions are deducted from the appropriate asset account balances and shall not be maintained if the reasons for which they were recorded no longer exist. Accrued interest is recorded in balance sheet caption “Prepayments and accrued income”.

Amounts payable

Amounts payables are recorded under liabilities at their reimbursement amount.

Transferable securities

Fixed income transferable securities

The Bank has divided its portfolio of debt securities and other fixed-income securities, and treasury bills and other bills eligible for refinancing with central banks into two categories, whose principal characteristics are the following:

- A structural portfolio of securities, which are intended to be used on a continuing basis in the Bank’s activities;
- An investment portfolio of securities which are held for their investment return.

These securities are initially recorded in the balance sheet at acquisition cost. The acquisition cost includes the costs to purchase the asset.

The Bank values the securities included in the investment and structural portfolio at the lower of cost (or amortised cost when applied) or market value or net realisable value determined by the Board of Directors in good faith in the absence of a market value. If no official quotation is available, valuation is made at the probable realizable value or at a price which most closely corresponds to the intrinsic value of the securities.

Notes to the annual accounts (continued)
As of 31 December 2022

Note 2 – Summary of significant accounting policies (continued)

Transferable securities (continued)

Securities issued on a discounted basis (such as zero-coupon bonds)

The difference between the acquisition cost (or disposal) and the face value, is spread over the period that the securities issued on a discounted basis remain in the Bank's portfolio.

The accrued interest is calculated in this manner on a prorata temporis basis and is added to the book value of the security.

Securities not issued on a discounted basis

Accrued interest since the last coupon date or since issuance is recorded in the transitory account until the next coupon date.

Fixed income transferable securities

For the investment portfolio:

In cases where fixed-income transferable securities classified in the investment portfolio are acquired at a premium or discount, the difference between acquisition cost and redemption value is recorded in instalments in the profit and loss account as "Interest payable and similar charges" or "Interest receivable and similar income" respectively. Instalments are charged prorata temporis over the life of the security. The cumulative amortisation of the premium from the date of acquisition is included in "Accruals and deferred income" on the liability side of the balance sheet, and the cumulative amortisation of the discount from the date of acquisition is included in "Prepayments and accrued income" on the assets side of the balance sheet.

Unrealised losses are recorded as value adjustments under "Value adjustments in respect of transferable securities held as financial fixed assets, participating interests and shares in affiliated undertakings". They are not maintained if the reasons for which they were recorded no longer exist. Amounts released to income following the writing back of such value adjustments are recorded in "Value re-adjustments in respect of transferable securities held as financial fixed assets, participating interests and shares in affiliated undertakings".

Notes to the annual accounts (continued)
As of 31 December 2022

Note 2 – Summary of significant accounting policies (continued)

Transferable securities (continued)

Fixed income transferable securities (continued)

For the structural portfolio:

In cases where fixed-income securities classified in the structural portfolio are acquired at a premium, the difference between acquisition cost and redemption value is written off in instalments to the profit and loss account and recorded as "Interest payable and similar charges". Instalments are charged prorata temporis over the life of the security. The cumulative amortisation from the date of acquisition is included in "Accruals and deferred income" on the liability side of the balance sheet.

In cases where fixed-income securities are acquired at a discount and cost is used as the basis of valuation, the difference between acquisition cost and redemption value is taken to the profit and loss account at the date of maturity or date of disposal, if earlier.

Unrealised losses are recorded in the profit and loss account under "Value adjustments in respect of loans and advances and transferable securities which are not held as financial fixed assets and are not included in a trading portfolio, and provisions for contingent liabilities and for commitments". They are not maintained if the reasons for which they were recorded no longer exist and in such case, Value re-adjustments resulting from the application of the "lower of cost or market" method are included under "Value re-adjustments in respect of loans and advances and transferable securities which are not held as financial fixed assets and are not included in a trading portfolio, and provisions for contingent liabilities and for commitments".

Sale and repurchase agreements

In compliance with Luxembourg law, securities sold on the basis of sale and repurchase agreements with a firm repurchase obligation are maintained in the securities portfolio.

Shares and other variable-yield securities

Shares and other variable-yield securities are recorded in the balance sheet at their acquisition cost.

At the balance sheet date, shares and other variable-yield securities are stated at the lower of cost or market value. If the valuation is lower than the purchase price, value adjustments are recorded to account for the unrealised loss. They are not maintained if the reasons for which they were recorded no longer exist.

Notes to the annual accounts (continued)
As of 31 December 2022

Note 2 – Summary of significant accounting policies (continued)

Intangible and tangible assets

Fixtures and fittings costing less than EUR 1,000 or whose expected useful lives are not expected to exceed the current year are charged directly to the profit and loss account.

Intangible and tangible assets are stated at their purchase price less value adjustments. Value adjustment is calculated on a straight-line basis over the estimated useful service life of the assets concerned. For the years 2022 and 2021, the per annum rate used is as follows:

- Building	2.00%
- Computer equipment	33.33%
- Other fixtures and fittings, tools and equipment	8.33% – 16.67%
- Intangible assets	33.33%

Provisions

Provisions are intended to cover losses which are certain or likely to be incurred based on past history and are clearly defined in nature, but are, at the balance sheet date, uncertain as to the amount or as to the date on which they will arise. They are recorded in the currency of the assets to which they relate.

Judgement is involved in determining whether a present obligation exists and in estimating the probability, timing and amount of any outflows. Professional expert advice may be taken on the assessment of litigation. Provisions for legal proceedings and regulatory matters typically require a higher degree of judgement than other types of provisions. When matters are at an early stage, accounting judgements can be difficult because of the high degree of uncertainty associated with determining whether a present obligation exists and estimating the probability and amount of any outflows that may arise. As matters progress, management evaluates on an ongoing basis whether provisions should be recognised, revising previous judgements and estimates as appropriate. At more advanced stages, it is typically easier to make judgements and estimates around a better defined set of possible outcomes. However, the amount provisioned can remain very sensitive to the assumptions used. There could be a wide range of possible outcomes for any pending legal proceedings, investigations or inquiries. As a result, it is often not practicable to quantify a range of possible outcomes for individual matters. It is also not practicable to meaningfully quantify ranges of potential outcomes in aggregate for these types of provisions because of the diverse nature and circumstances of such matters and the wide range of uncertainties involved.

According to the Luxembourg tax legislation, the Bank establishes a lump sum provision for risk exposures, as defined in the legislation governing prudential supervision of banks. The purpose of the provision is to take account of risks which are likely to crystallize but which have not yet been identified as at the date of preparation of the annual accounts.

Notes to the annual accounts (continued)
As of 31 December 2022

Note 2 – Summary of significant accounting policies (continued)

Provisions (continued)

Pursuant to the Instructions issued by the *Directeur des Contributions* on 16 December 1997, this provision is made before taxation and may not exceed 1.25% of the Bank's risk exposures.

The lump sum provision for risk exposures is broken down in proportion to the weighting of the items that form the basis of its calculation, between:

- The portion which is deemed to represent a value adjustment, and which is deducted from the asset item that constitutes a risk exposure; and
- The portion which is deemed to represent a provision for liabilities and charges attributable to credit risk associated with off-balance sheet items, foreign exchange risk and market risks, and which is to be shown as a liability under "Provisions: other provisions".

Comparative Figures

In order to have comparable figures with 2022 financial year, the following balances as of 31 December 2021, have been reclassified:

EUR 200,000,000 have been reclassified from "Amounts owed to credit institutions" to "Subordinated liabilities" (Note 3).

Taxes

The Bank is subject to Corporate Income Tax (CIT) Municipality Business Tax (MBT) and Net Wealth Tax (NWT) applicable in Luxembourg. Taxes are charged to the profit and loss account on an accruals basis and not in the year in which payment occurs. Accordingly, provisions for taxation have been recorded for the financial years for which no final assessments have been issued by the tax authorities and are classified under "Provisions: provisions for taxation". The prepayments of tax in advance are classified under "Prepayments and accrued income". The Bank has introduced change of tax accounting policy compared to 31 December 2021 Annual Accounts. As of 31 December 2021 the advance payments are shown in the assets side of the balance sheet under "Other Assets" item.

Financial instruments

Valuation of foreign exchange swap transactions

Foreign exchange swap transactions ("FX swaps"): The forward transaction and spot transaction form an economic unit. As the spot legs and forward legs of the FX swaps form an economic unit and hedge each other, they are neutral in terms of foreign exchange risk. Consequently, foreign exchange differences coming from the revaluation of the spot items hedged forward are cancelled through transitory accounts.

For FX Swap transactions linked to balance sheet items (treasury swaps), the premium or discount is spread prorata temporis in transitory accounts on the balance sheet (asset item Prepayments and accrued income and liability item Accruals and deferred income, respectively). The profit and loss accounts to be used are Interest receivable and similar income, or Interest payable and similar charges (without offset).

For FX Swap transactions not linked to balance sheet items (trading swaps) the premiums (positive-values) are ignored and the discounts (negative-values) are fully provisioned.

Notes to the annual accounts (continued)
As of 31 December 2022

Note 2 – Summary of significant accounting policies (continued)

Financial instruments (continued)

Valuation of foreign exchange forward transactions

Foreign exchange forward contracts are valued at the rates applicable for the remaining term to maturity at the balance sheet date.

The calculation of the unrealised gains or losses is based on the forward exchange rate for each currency applied to all outright with the same maturity date.

Forward foreign exchange transactions, which are exclusively contracted on behalf of customers, are covered by reverse forward foreign exchange transactions on a back-to-back basis. Net unrealised losses are provided for and recorded in the item "Provisions: other provisions". Net unrealised gains on these forward foreign exchange contracts are ignored.

Valuation of interest rate swap (IRS) transactions

Interest rate swap transactions ("IRS"), traded over-the-counter and unallocated to given assets or liabilities, are marked-to-market. Net unrealised losses are provided for and recorded in the item "Provisions: other provisions". Net unrealised gains are ignored.

Interest rate swaps traded over-the-counter for hedging purposes of the Bank's interest rate positions are not marked-to-market unless they are hedging fixed-income transferable securities included in the investment portfolio valued at the lower of cost or market value. In this case, the IRS is valued according to the same valuation method as the hedged securities. The following valuation rules apply:

- When the unrealised losses on the hedged securities are greater than the unrealised gains on the IRS, the net unrealised loss must be recorded in the profit and loss account;
- When the unrealised losses on the IRS are greater than the unrealised gains on the hedged securities, the net unrealised loss must be recorded in the profit and loss account;
- When the unrealised gains on the hedged securities are greater than the unrealised losses on the IRS, the net unrealised gain must not be accounted for in the profit and loss account;
- When the unrealised gains on the IRS are greater than the unrealised losses on the hedged securities, the net unrealised gain must not be accounted for in the profit and loss account.

Valuation of cross currency interest rate swap (CCS) transactions

The forward transaction and the spot transaction form an economic unit. As the spot legs and forward legs of CCS swaps form an economical unit and hedge each other, they are neutral in terms of currency risk. Consequently, currency differences coming from the revaluation of the spot items hedged forward are cancelled through transitory accounts. For CCS transactions linked to balance sheet items, the premium or discount is spread pro-rata temporis on transitory accounts on the balance sheet (asset item Prepayments and accrued income and liability item Accruals and deferred income, respectively). The profit and loss accounts to be used are Interest receivable and similar income, or Interest payable and similar charges (without offset). For CCS transactions not linked to balance sheet items the premiums (positive-values) are ignored and the discounts (negative-values) are fully provisioned.

Strategy in using financial instruments

The Bank's activities are principally related to the use of primary non-trading financial instruments.

Notes to the annual accounts (continued)
As of 31 December 2022

Note 3 – Financial instrument disclosures

Information on primary non-trading financial instruments

As at 31 December 2022, the analysis of primary non-trading financial instruments by class and contractual residual maturity is the following:

At carrying amount in EUR	≤ 3 months	>3 months ≤ 1 year	>1 year ≤ 5 years	>5 years	Total
Financial assets					
Cash, balances with central banks and post office banks	2,018,547,779	---	---	---	2,018,547,779
Treasury bills and other bills eligible for refinancing with central banks	85,342,119	23,767,609	402,869,259	143,802,604	655,781,591
Loans and advances to credit institutions	506,019,742	121,882,618	260,941,309	---	888,843,669
Loans and advances to customers	176,327,713	548,145,692	1,885,367,637	365,586,703	2,975,427,745
Debt securities and other fixed-income securities	9,195,397	94,633,117	634,991,243	48,496,719	787,316,476
Shares and other variable-yield securities	---	---	691,488	15,110,000	15,801,488
Total financial assets	2,795,432,750	788,429,036	3,184,860,936	572,996,026	7,341,718,748

In the position “Cash, balances with central banks and post office banks” the mandatory minimum reserves of EUR 59,984,649 are included.

Industrial and Commercial Bank
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Notes to the annual accounts (continued)
As of 31 December 2022

Note 3 – Financial instrument disclosures (continued)

At carrying amount in EUR	≤ 3 months	>3 months ≤ 1 year	>1 year ≤ 5 years	>5 years	Total
Financial liabilities					
Amounts owed to credit institutions	811,822,371	---	1,950,159,572	---	2,761,981,943
Amounts owed to customers	2,297,349,046	840,500,000	810,000,000	---	3,947,849,046
Subordinated liabilities	---	---	---	200,000,000	200,000,000
Total financial liabilities	3,109,171,417	840,500,000	2,760,159,572	200,000,000	6,909,830,989
Off balance sheet					
Contingent liabilities	5,533,360	214,152,731	153,100,171	---	372,786,263
Commitments	300,000	9,724,139	1,271,660,757	164,025,359	1,445,710,255
	5,833,360	223,876,870	1,424,760,929	164,025,359	1,818,496,518

As at 31 December 2022, the Bank had not engaged in primary trading instruments.

Subordinated liabilities

The following borrowings represent 100% of the total amount EUR 200,000,000 of subordinated liabilities as at year-ends 2022 and 2021.

The Bank has incurred charges of EUR 1,282,948 (2021: EUR 168,245) during the financial year with respect to its subordinated liabilities.

Subordinated loan agreement between the Bank and the ICBC Limited.

Drawdown date	Maturity	Maturity date	Currency	Amount of borrowing	Rate of Interest
28 April 2021	10 years	28 April 2031	EUR	50 million	6M Euribor +90bps
1 July 2021	10 years	1 July 2031	EUR	50 million	6M Euribor +65bps
24 September 2021	10 years	24 September 2031	EUR	50 million	CCS 6M Euribor +fixed points against 3M SOFR +80bps
20 December 2021	10 years	20 December 2031	EUR	50 million	6M Euribor +40bps all in floor 0.01%

For the purpose of calculating the Bank's capital adequacy ratio, the subordinated liabilities may be assimilated to own funds to a certain extent.

Industrial and Commercial Bank
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Notes to the annual accounts (continued)
As of 31 December 2022

Note 3 – Financial instrument disclosures (continued)

Information on primary non-trading financial instruments (continued)

As at 31 December 2021, the analysis of primary non-trading financial instruments by class and residual maturity is the following:

At carrying amount in EUR	≤ 3 months	>3 months ≤ 1 year	>1 year ≤ 5 years	>5 years	Total
Financial assets					
Cash, balances with central banks and post office banks	544,626,415	---	---	---	544,626,415
Treasury bills and other bills eligible for refinancing with central banks	---	---	332,914,723	174,809,845	507,724,568
Loans and advances to credit institutions	1,052,425,887	44,146,212	272,170,228	88,292,425	1,457,034,752
Loans and advances to customers	100,082,326	221,910,656	1,894,770,336	227,758,618	2,444,521,936
Debt securities and other fixed-income securities	36,255,785	347,133,994	787,328,267	48,923,525	1,219,641,571
Shares and other variable-yield securities	---	---	822,478	15,110,000	15,932,478
Total financial assets	1,733,390,413	613,190,862	3,288,006,032	554,894,413	6,189,481,630

In the position "Cash, balances with central banks and post office banks" the mandatory minimum reserves of EUR 33,502,495 are included.

Industrial and Commercial Bank
of China (Europe) S.A.

Notes to the annual accounts (continued)
As of 31 December 2022

Note 3 – Financial instrument disclosures (continued)

At carrying amount in EUR	≤ 3 months	>3 months ≤ 1 year	>1 year ≤ 5 years	>5 years	Total
Financial liabilities					
Amounts owed to credit institutions	814,348,275	19,000,000	1,621,314,851	---	2,454,663,126
Amounts owed to customers	1,324,080,648	841,333,657	810,000,000	---	2,975,414,305
Subordinated liabilities	---	---	---	200,000,000	200,000,000
Total financial liabilities	2,138,428,923	860,333,657	2,431,314,851	200,000,000	5,630,077,430
Off balance sheet					
Contingent liabilities	59,233,202	180,959,937	116,437,722	---	356,630,861
Commitments	50,000,000	221,645,939	1,257,717,564	275,392,343	1,804,755,846
	109,233,202	402,605,876	1,374,155,286	275,392,343	2,161,386,707

As at 31 December 2021, the Bank had not engaged in primary trading instruments.

Notes to the annual accounts (continued)
As of 31 December 2022

Note 3 – Financial instrument disclosures (continued)

Information on derivative financial instrument-FX Swap transactions linked to balance sheet items (treasury swaps)

As at 31 December 2022 and 2021, the tables below summarize the derivative financial instruments generally used by the Bank for hedging purposes with respect to their notional amount by remaining maturity and their fair value:

Instrument classes as of 31 December 2022 (in EUR)	≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total notional amount	Fair value
Foreign exchange swaps	333,081,798	---	---	---	333,081,798	(206,462)
Total	333,081,798	---	---	---	333,081,798	(206,462)

Instrument classes as of 31 December 2021 (in EUR)	≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total notional amount	Fair value
Foreign exchange swaps	213,048,091	---	---	---	213,048,091	(47,404)
Total	213,048,091	---	---	---	213,048,091	(47,404)

Information on credit risk on primary non-trading financial instruments and on financial instruments transferred during the year in the form of funded risk participations and trade finance

The Bank has an exposure to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due. The Bank structures the levels of credit risk it takes by granting credits to a limited and specified number of counterparts.

Notes to the annual accounts (continued)
As of 31 December 2022

Note 3 – Financial instrument disclosures (continued)

Information on derivative financial instruments–FX Swap transactions not linked to balance sheet items (trading swaps)

As at 31 December 2022, the Bank had not entered into a trading FX rate swap contract.

As at 31 December 2021, the Bank had not entered into a trading FX rate swap contract.

Information on derivative financial instruments – hedging (Interest Rate Swap)

The derivative financial instruments used for hedging purposes, and for which hedging valuation rules are applied, are interest rates swaps which have been contracted by the Bank for the purpose of hedging existing transferable securities.

As at 31 December 2022, the Bank had not entered into an interest rate swap contract for the purpose of hedging its existing transferable securities portfolio.

As at 31 December 2021, the Bank had not entered into an interest rate swap contract for the purpose of hedging its existing transferable securities portfolio.

Notes to the annual accounts (continued)
As of 31 December 2022

Note 3 – Financial instrument disclosures (continued)

Information on credit risk on primary non-trading financial instruments and on financial instruments transferred during the year in the form of funded risk participations and trade finance

The Bank has an exposure to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due. The Bank structures the levels of credit risk it undertakes by granting credits to a limited and specified number of counterparties.

The table below shows the credit risk concentration as it relates to financial instruments both on and off the balance sheet (after lump sum/value adjustments).

As of 31 December 2022 (in EUR)	Credit risk exposure	Collateral (*)	Net credit risk exposure
Treasury bills and other bills eligible for refinancing with central banks	655,781,591	---	655,781,591
Debt securities and other fixed income securities	787,316,476	---	787,316,476
Loans and advances to credit institutions	888,843,669	---	888,843,669
Loans and advances to customers	2,975,427,745	1,817,768,826	1,157,658,919
Loan commitments and other credit related commitments	1,445,710,255	832,103,510	613,606,745
Financial guarantees and other credit related contingent liabilities	372,786,263	284,630,009	88,156,254
Total	7,125,865,999	2,934,502,345	4,191,363,654

(*) Collaterals are mainly composed of intergroup guarantees.

During 2022, the Bank recorded additional value adjustments in respect of loans and advances and provisions for contingent liabilities and for commitments for an amount of EUR 35,306,041 (2021: EUR 2,742,461).

The total balance of provisions as of 31 December 2022 for Loans and advances and off balance sheet exposures amount to EUR 44,401,447 (2021: EUR 11,440,592).

During 2022, a total of 85 credit assets (with the amounts of EUR 3,671,806,989, USD 881,000,000 and PLN 1,325,000,000) were transferred from the Bank to Industrial and Commercial Bank of China Limited, Luxembourg Branch, consisting of 85 loan assets and the related collateral.

Industrial and Commercial Bank
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Notes to the annual accounts (continued)
As of 31 December 2022

Note 3 – Financial instrument disclosures (continued)

Information on credit risk on primary non-trading financial instruments and on financial instruments transferred during the year in the form of funded risk participations and trade finance (continued)

As of 31 December 2021 (in EUR)	Credit risk exposure	Collateral (*)	Net credit risk exposure
Treasury bills and other bills eligible for refinancing with central banks	507,724,568	---	507,724,568
Debt securities and other fixed income securities	1,219,641,571	---	1,219,641,571
Loans and advances to credit institutions	1,457,034,752	---	1,457,034,752
Loans and advances to customers	2,444,521,936	1,620,457,257	824,064,679
Loan commitments and other credit related commitments	1,804,755,846	377,774,381	1,426,981,465
Financial guarantees and other credit related contingent liabilities	356,630,861	76,000,000	280,630,861
Total	7,790,309,534	2,074,231,638	5,716,077,896

(*) Collaterals are mainly composed of intergroup guarantees.

During 2021, a total of 19 credit assets (with the amounts of EUR 485,876,730, USD 32,500,000 and PLN 992,907,840) were transferred from the Bank to Industrial and Commercial Bank of China Limited, Luxembourg Branch, consisting of 19 loan assets and the related collateral.

Notes to the annual accounts (continued)
As of 31 December 2022

Note 3 – Financial instrument disclosures (continued)

Information on credit risk on primary non-trading financial instruments and on financial instruments transferred during the year in the form of funded risk participations and trade finance (continued)

As at 31 December 2022 and 2021, the Bank is exposed to the below credit risk on primary non-trading financial instruments after lump-sum/ value adjustments by instrument class and geographic location:

Carrying amount	31.12.2022 EUR	31.12.2021 EUR
Financial assets		
By instrument class and geographic location		
Loans and advances to credit institutions	888,843,669	1,457,034,751
<i>of which non-EU member countries</i>	291,276,090	336,154,772
Loans and advances to customers	2,975,427,745	2,444,521,936
<i>of which non-EU member countries</i>	217,364,086	101,388,868
Transferable securities	1,443,098,067	1,727,366,139
<i>of which non-EU member countries</i>	637,748,800	1,030,249,074
Total	5,307,369,480	5,628,922,826
<i>of which non-EU member countries</i>	1,146,388,976	1,467,792,714

Notes to the annual accounts (continued)
As of 31 December 2022

Note 3 – Financial instrument disclosures (continued)

Information on market risk

Market risk is the risk that the value of an investment or an exposure will decrease due to changes in market factors. On the money market, the exposure could cause a potential loss in a mis-match circumstance of the deal; in the foreign exchange business, a potential loss could also be incurred in the process of squaring, especially in a volatile market.

Market risk management is a key element in the Bank's financial market activities. An appropriate market risk management ensures a profitable outlook for the Bank's financial market activities while minimizing the risk of significant losses. ICBC Head Office authorizes the controlling limits – exposure limit, potential loss amount ("PLA") based on relative interest rate or exchange rate risk for the Bank and updates the limits annually. These limits must be strictly observed when dealing. In accordance with the outstanding achievement and the dealing behaviour of each dealer, the Financial Market Department ("FMD") implement the limits accordingly and on a timely basis. The Risk Management Department performs an on-going monitoring of these limits.

Market risk is managed by the following limits:

In the money market business, limits include:

- Inter-bank deposit limit;
- Period limit of each deal.

In the foreign exchange business, limits include:

- Daily exposure limit;
- Overnight exposure limit;
- PLA of the whole dealing room

Notes to the annual accounts (continued)
As of 31 December 2022

Note 4 – Transferable securities

Transferable securities other than shares and other variable-yield securities

As at 31 December 2022 and 2021, the listed securities breakdown by portfolio classification is as follows:

	31.12.2022	31.12.2021
	EUR	EUR
Investment portfolio	145,478,743	136,480,276
Structural portfolio	1,297,619,324	1,590,885,863
	1,443,098,067	1,727,336,139

As at 31 December 2022, debt securities and other fixed-income securities and treasury bills in the investment portfolio are held for their investment return.

As at 31 December 2022, debt securities and other fixed-income securities and treasury bills in the structural portfolio are intended to be used on a continuing basis in the Bank's activities.

Securities to be repaid within one year amount to EUR 212,648,232 (2021: EUR 383,389,778).

As at 31 December 2022, the cumulative amortization of premiums/discounts on these securities amounts to EUR 15,780,782 (2021: EUR 9,709,077) and the portion of the premiums/discounts not yet amortized amounts to EUR 12,494,872 (2021: EUR 18,058,487).

As at 31 December 2022, the market value of the securities held by the Bank amounts to EUR 1,428,715,100 (2021: EUR 1,725,774,143).

The lower of amortised cost or market value of the securities held by the Bank which includes also the cumulative amortisation of premiums/discounts amounts to EUR 1,443,098,067 (2021: EUR 1,727,336,139).

The lower of amortised cost or market value provision of the securities held by the Bank amounts to EUR 104,904,720 (2021: EUR 7,538,741).

The Bank has entered into transactions based on firm agreements to sell and repurchase assets EUR 91,000,000 (2021: EUR 91,000,000). As at 31 December 2022, the value of financing obtained by the Bank under such agreements is EUR 77,000,000 (2021: EUR 77,000,000).

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Note 4 – Transferable securities (continued)

Quoted shares and other variable-yield securities

As at 31 December 2022 and 2021, the listed shares breakdown is as follows:

	31.12.2022	31.12.2021
	EUR	EUR
Quoted shares	691,488	822,478
Other variable-yield securities (UCITS)	15,110,000	15,110,000
	15,801,488	15,932,478

The Bank has received quoted shares (502,900 shares / EUR 1.3750 per share as at 31 December 2022) of a client, for assets at disposal which are assigned in accordance with composition plan approved by the Court.

As at 31 December 2022, the market value of quoted shares held by the Bank amounts to EUR 691,488 (2021: EUR 1,046,032). As at 31 December 2022 cost of the shares at acquisition amounted to EUR 822,478 resulting in an unrealized loss of EUR 130,991 (2021: EUR 822,478 resulting in an unrealized gain of EUR 223,554).

As at 31 December 2022 and 2021, the Bank does not have any unquoted shares.

Other variable-yield securities (UCITS) represent investments in securities to ICBC (Europe) UCITS SICAV – China Opportunity RQFII Fund. The Bank subscribes the seed money to allow the fund to have a minimum capital base at the launch. After a period of time, the fund receives new inflows enough to redeem the seed money to the Bank.

As at 31 December 2022, the market value of other variable-yield securities held by the Bank amounts to EUR 17,529,669 (2021: EUR 17,859,490). As at 31 December 2022 cost of the shares at acquisition amounted to EUR 15,110,000 (2021: EUR 15,110,000), resulting in an unrealised gain of EUR 2,419,669 (2021: unrealised gain of EUR 2,749,490).

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Note 5 – Movements in fixed assets

(In EUR)	Gross value at the beginning of the year	Additions	Disposals / Maturity	Revaluation effect (1)	Gross value at the end of the year	Cumulative value adjustments at the beginning of the year	Adjustments / additions (2)	Disposals / Maturity (3)	Revaluation effect (1)	Cumulative value adjustments at the end of the year (1)(2)	Net book value at the end of the year
Debt securities (investment portfolio)	136,480,276	70,000,000	(61,477,141)	833,195	145,836,330	---	(916,424)	638,350	(79,513)	(357,587)	145,478,743
Intangible assets (4)	675,124	45,400	---	(3,465)	717,059	(625,303)	(29,478)	---	3,346	(651,435)	65,624
Tangible assets:											
- land and building	37,859,596	160,048	(127,614)	(97,645)	37,794,387	(11,538,282)	(728,082)	22,336	(223,481)	(12,065,219)	25,729,168
(5)	25,928,648	---	---	---	25,928,648	(1,737,371)	(145,274)	22,336	38,162	(1,943,143)	23,985,506
- technical equipment and machinery	4,752,954	160,048	(127,614)	(88,868)	4,696,521	(4,288,289)	(337,450)	---	(360,870)	(4,264,869)	431,652
- other fixtures and fittings, tools and equipment	7,177,995	---	---	(8,777)	7,169,218	(5,512,622)	(245,358)	---	99,227	(5,857,208)	1,312,010

(1) Including FX impact

(2) Including the impact of the lump-sum provision

(3) Representing the accumulated depreciation of disposed/matured fixed assets

(4) Representing computer software

(5) The Bank acquired in December 2012 a building in Madrid and in 2014 carried out capital expenditure on the property

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Note 6 – Related parties balances

The Bank has not entered into any material transaction with related parties (as defined in International Accounting Standard 24 "Related Party Disclosures") which were not made on terms equivalent to those that prevail in arm's length transactions, as of 31 December 2022 and for the year then ended.

As at 31 December 2022 and 2021, the following main balances with related parties are included on the assets side of the balance sheet:

	31.12.2022	31.12.2021
	EUR	EUR
Loans and advances to credit institutions	557,042,818	1,242,015,371
Debt securities and other fixed-income securities	107,757,629	55,154,401
Prepayments and accrued income	220,119	1,038,746
	665,020,556	1,298,208,518

The following main balances with related parties are included on the liabilities side of the balance sheet:

	31.12.2022	31.12.2021
	EUR	EUR
Amounts owed to credit institutions	2,416,082,674	2,033,653,571
Accruals and deferred income	5,973,875	1,193,394
Subordinated liabilities	200,000,000	200,000,000
	2,622,056,579	2,234,846,965

As at 31 December 2022 and 2021, the following main balances with related parties are included on the off balance sheet:

	31.12.2022	31.12.2021
	EUR	EUR
Contingent liabilities	28,125,391	36,681,289
	28,125,391	36,681,289

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Note 6 – Related parties balances (continued)

The profit and loss account also has balances with related parties in 2022, including the following captions:

- Interest receivable and similar income for EUR 8.5 mio (2021: EUR 5.1 mio)
- Interest payable and similar charges for EUR 27.8 mio (2021: EUR 5.4 mio)
- Commission receivable for EUR 10.0 mio (2021: EUR 5.9 mio)
- Commission payable for EUR 4.3 mio (2021: EUR 2.1 mio)
- Other operating income for EUR 8.9 mio (2021: EUR 11.5 mio)
- Other operating charges for EUR 2.2 mio (2021: EUR 0.8 mio)

Note 7 – Other assets and other liabilities

As at 31 December 2022 and 2021, "Other assets" are as follows:

	31.12.2022	31.12.2021
	EUR	EUR
Tax advance payments	---	7,188,990
Tax accruals	---	2,322,368
Tax reimbursement (VAT)	103,260	111,150
Transitory/clearing accounts	454,580	80,068
Other accounts receivable	2,345,781	5,957,018
	2,903,621	15,659,594

The Bank has introduced change of tax accounting policy (Note 2) compared to 31 December 2021 Annual Account. As of 31 December 2021 the advance payments are shown in the assets side of the balance sheet under "Other Assets" item.

As at 31 December 2022 and 2021, "Other liabilities" are as follows:

	31.12.2022	31.12.2021
	EUR	EUR
Preferential creditors	4,927,362	8,694,107
Transitory accounts	1,277,318	1,099,734
Suspense remittance	2,214,918	2,456,026
Other/clearing accounts	62,096	640,213
	8,481,694	12,890,080

The suspense item in amount of EUR 2,214,918 (2021: EUR 2,456,026) represents pending customers' remittance waiting for proof on the source of funds.

The preferential creditors position amounts to EUR 4,927,362 (2021: EUR 8,694,107) is mainly reflecting tax and social security related liabilities.

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Note 8 – Prepayments and accrued income, accruals and deferred income

As at 31 December 2022 and 2021, prepayments and accrued income are as follows:

	31.12.2022	31.12.2021
	EUR	EUR
Accrued interest receivable and similar income	21,444,892	13,096,604
Accrued fees receivable	1,859,907	1,067,710
Neutralization of treasury FX swap	158,985	292,567
Other prepaid expenses	118,037	188,805
Tax advance payments	9,549,314	—
	33,131,135	14,645,686

The Bank has introduced change of tax accounting policy (Note 2) compared to 31 December 2021 Annual Account. As of 31 December 2021 the advance payments are shown in the assets side of the balance sheet under “Other Assets” item.

As at 31 December 2022 and 2021, accruals and deferred income are as follows:

	31.12.2022	31.12.2021
	EUR	EUR
Other deferred income	19,362,604	11,800,523
Cumulative amortization of premiums on transferable securities	17,771,374	9,709,077
Accrued interest payable and similar charges	17,313,348	3,191,187
Accrued fees payable	672,924	1,286,265
Treasury FX swap discount	597,222	-
	55,717,471	25,987,052

Note 9 – Foreign currency assets and liabilities

As at 31 December 2022, the aggregate amount of the Bank's assets and liabilities denominated in foreign currencies, translated into EUR is equivalent to respectively EUR 1,777,611,100 and EUR 1,920,120,007 (2021: assets EUR 2,117,829,812 and liabilities EUR 1,916,087,162).

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Note 10 – Subscribed capital

As of 31 December 2022, the fully paid up capital of the Bank amounts to EUR 437,432,880 (2021: EUR 437,432,880) and is represented by 36,452,740 (2021: 36,452,740) registered shares with a nominal value of EUR 12.00 each.

Note 11 – Movements in reserves, result brought forward and profit / (loss) for the financial year

The movements in reserves, result brought forward and profit / (loss) for the financial year are summarized below:

	Legal reserve EUR	Profit / (Loss) brought forward EUR	Profit / (Loss) for the financial year EUR
Balance at the beginning of the year	7,884,416	110,316,539	1,178,755
Allocation of 2021 profit (1)		1,178,755	(1,178,755)
Profit/(Loss) for the year ended 31 December 2022			(147,706,626)
Total	7,884,416	111,495,294	(147,706,626)

(1) The Annual Shareholders' Meeting dated 31.05.2022 approved the appropriation of the 2021 result.

Legal reserve

In accordance with Luxembourg law, the Bank must transfer at least 5% of its annual profit to the legal reserve until this equals 10% of subscribed capital. The legal reserve is not distributable.

Other reserves

Luxembourg tax legislation provides for a reduction of the net worth tax on the condition that a special reserve was established for an amount equal to 5 times the net worth tax liability of that year. This reserve which may not be distributed for a period of 5 years is established via an appropriation from profit brought forward.

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Note 12 – Provisions

Provisions for taxation

The Bank is subject to tax in Luxembourg, as well as, in the countries where its branches are operating. The Bank is liable to taxes on income and net assets. Tax liabilities are recorded under "Provisions for taxation" in the balance sheet. As at 31 December 2022, the provisions for taxation amount to EUR 4,284,480 (2021: EUR 2,107,114). Tax advances are recorded under "Prepayments and accrued income" in the balance sheet at amount of EUR 9,549,314 (ref Note 8).

Since 2012, the Bank and Industrial and Commercial Bank of China, Luxembourg Branch (the "Branch") form a fiscal unity. In this context, the Branch is the head of the fiscal unity and it is due for corporate income and municipal business taxes on behalf of the headquarters of the Bank.

Other provisions

As at 31 December 2022, "Other provisions" is composed of the provision for wages, salaries and social security cost for an amount of EUR 14,115,718 (2021: EUR 14,222,497), pending litigation for an amount of EUR 2,344 (2021: EUR 1,078,534) and other provisions mainly regarding off-balance sheet operations of EUR 2,006,980 (2021: EUR 2,980,183).

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Note 13 – Deposit guarantee scheme

The law related to the resolution, reorganisation and winding-up measures of credit institutions and certain investment firms and on deposit guarantee and investor compensation schemes ("the Law"), transposing into Luxembourgish law the directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms and the directive 2014/49/EU related to deposit guarantee and investor compensation schemes, was passed on 18 December 2015.

The deposit guarantee and investor compensation scheme through the "Association pour la Garantie des Dépôts Luxembourg" (AGDL) was replaced by a new contribution based system of deposit guarantee and investor compensation scheme. This new system covers eligible deposits of each depositor up to an amount of EUR 100,000 and investments up to an amount of EUR 20,000. The Law also provides that deposits resulting from specific transactions or fulfilling a specific social or other purpose are covered for an amount above EUR 100,000 for a period of 12 months.

The funded amount of the "Fonds de résolution Luxembourg" (FRL) shall reach by the end of 2024 at least 1% of covered deposits, as defined in article 1 number 36 of the Law, of all authorized credit institutions in all participating Member States. This amount is collected from the credit institutions through annual contributions during the years 2015 to 2024.

The target level of funding of the "Fonds de Garantie des Dépôts Luxembourg" (FGDL) is set at 0.8% of covered deposits, as defined in article 163 number 8 of the Law, of the relevant credit institutions and is to be reached by the end of 2018 through annual contributions. The contributions are to be made in the form of annual payments during the years 2016 to 2018. When the level of 0.8% is reached, the Luxembourgish credit institutions are to continue to contribute for 8 additional years in order to constitute an additional safety buffer of 0.8% of covered deposits as defined in article 163 number 8 of the Law.

The law of 23 December 2016 on the tax reform 2017 has introduced a tax neutral reversal of the existing AGDL provisions in successive annual tranches from 2016 to 2026, under the condition that each annual tranche is at least equal to the contributions to the FGDL and FRL for that fiscal year. Any remaining balance of the AGDL provision not yet reversed at the end of this transitional period will have to be reversed and added to the taxable income of the year 2026.

On 18 January 2017, CSSF issued a circular letter relating to the abrogation of the AGDL and to the consequent accounting treatment of the AGDL reversal to enable the banks to follow from an accounting point view the tax treatment foreseen in the law of 23 December 2016. As a consequence, the Bank reversed all FGDL provision during 2017.

As at 31 December 2022, the 2022 cash contribution for FGDL was recorded in the caption "Other operating charges" for an amount of EUR 6,377 (2021: EUR 15,883).

Additionally, the 2022 FRL contribution for an amount of EUR 3,661,380 was paid by the Bank and recorded in the caption "Other operating charges" (2021: EUR 2,924,928).

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Note 14 – Interest receivable and interest payable

Interest receivable and similar income

Derived from:	2022 EUR	2021 EUR
Loans and advances	92,931,834	43,518,549
Treasury bills and Debt securities (including discount amortization)	29,521,482	18,712,033
Impact of negative interest received for liability positions	3,151,767	2,757,912
Cash with central banks	3,616,442	22,484
	129,221,525	65,010,978

Interest payable and similar charges

Derived from:	2022 EUR	2021 EUR
Amounts owed to credit institutions	38,400,370	6,772,540
Treasury bills and Debt securities (premium amortisation)	8,921,083	5,054,860
Amounts owed to customers	32,449,400	4,116,759
Cash with central banks (negative interest)	1,757,450	3,119,167
Impact of negative interest paid for asset positions	1,194,679	1,272,497
Others	463,639	461,805
Discount of treasury FX swaps	206,215	8,916
	83,392,836	20,806,543

Note 15 – Commission receivable and payable

Commission receivable is mainly related to arrangement and commitment fees.

Commission payable is mainly composed of risk participation fees paid by the Bank to Industrial and Commercial Bank of China, Luxembourg Branch to reduce the risk exposure of the Bank, as well as other bank charges.

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Note 16 – Net result on financial operations

As of 31 December 2022 and 2021, the net result on financial operations is as follows:

	2022	2021
	EUR	EUR
Net result on financial operations		
- thereof bonds	(2,301,267)	10,028,591
- thereof FX effects	134,573	4,969,751
- thereof derivative financial instruments	(5,008,608)	307,662
- thereof shares and other variable-yield securities	-	100,227
Total	(7,175,302)	15,406,231

The net result on financial operations is mainly composed of unrealized losses and realized losses and realized gains on financial instruments.

Note 17 – Breakdown of income by geographic markets

The Bank's income is derived from Luxembourg (23%), European Union Member States excluding Luxembourg (59%) and non-European Union Member States 18% (mainly P.R. China (8%) and Hong Kong Special Administrative Region of the People's Republic of China (5%)).

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Note 18 – Other operating income and other operating charges

As at 31 December 2022 and 2021, other operating income is as follows:

	2022	2021
	EUR	EUR
Shared services	8,731,209	11,481,487
Other	601,918	669,013
VAT reimbursement	164,847	180,915
Total	9,497,974	12,331,415

As of 31 December 2022, "Other operating income" is mainly composed of income related to charges for shared services between the Bank and ICBC Luxembourg Branch (see Note 20) for an amount of EUR 8,936,684 (2021: EUR 11,481,487).

As at 31 December 2022 and 2021, "Other operating charges" are as follows:

	2022	2021
	EUR	EUR
FGDL / FRL	3,667,757	2,940,811
Shared services	2,198,432	561,853
Other	181,734	1,526,414
Total	6,047,923	5,029,078

The "Shared services" balance is composed of expenses related to charges for shared services between ICBC Luxembourg Branch and the Bank, for an amount of EUR 2,198,432 (2021: EUR 561,853).

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Note 19 – Staff and Management

Staff

The average number of persons employed during the year by the Bank was as follows:

	<u>2022</u>	<u>2021</u>
Senior Management	4	5
Management	31	31
Employees	328	337
Total	<u>363</u>	<u>373</u>

In accordance with a service line agreement dated 29 December 2015 and signed between the Bank and Industrial and Commercial Bank of China Ltd., Luxembourg Branch, the Branch pays management fees to the Bank as a compensation for the services rendered by the Bank's employees.

Administrative and managerial bodies

As at 31 December 2022 and 2021, there was no pension commitment in respect of current and former members of the Board of Directors, Senior Management, Management and employees.

No loans or advances have been granted to members of the Board of Directors, Senior Management and Management of the Bank (2021: none).

The fixed remuneration including all allowances (housing, expatriating etc.) for the Senior Management in the financial year 2022 amounts to EUR 1,286,388 (2021: EUR 2,138,644). In 2022, the remuneration of EUR 312,000 was granted to the members of the Board of Directors (2021: EUR 151,125).

Note 20 – Management and representative services

The Bank is authorized to conduct business operations entirely on behalf of the Industrial and Commercial Bank of China Ltd., Luxembourg Branch under a formal Service Level Agreement ("SLA") between the Bank and the Branch, which was effective as from 29 December 2015. The Bank shall, within the scope of the SLA, perform and manage all the business operations, including human resources, business operations, accounting procedures and Information Technology, for the Branch.

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Note 21 – Audit fees

Fees (excluding VAT) charged to the Bank by the *réviseur d'entreprises agréé* and other member firms of the *réviseur d'entreprises agréé* network during the year are analysed as follows:

	2022 EUR	2021 EUR
Audit fees	363,736	276,051
Audit-related fees	88,796	4,160
	<u>452,532</u>	<u>280,211</u>

Note 22 – Contingent liabilities and Commitments

Contingent liabilities

As at 31 December 2022, contingent liabilities consist of guarantees issued by the Bank for EUR 372,786,263 (2021: EUR 356,630,861).

Commitments

As at 31 December 2022, the Bank's commitments are mainly composed of undrawn credit facilities for EUR 1,445,710,255 (2021: EUR 1,804,755,846).

Other commitments

The Bank's annual lease commitments are analysed based on maturities as follows:

	2022 EUR	2021 EUR
No more than a year	4,204,695	4,600,472
More than a year and no more than five years	10,986,401	13,150,173
More than five years	2,387,584	4,655,794
	<u>17,578,680</u>	<u>22,406,439</u>

Note 23 – Post balance sheet events

No event has occurred subsequent to 31 December 2022 that would materially affect the annual accounts and related disclosures for the year ended 31 December 2022.