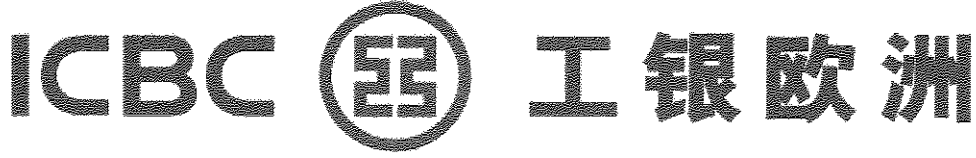


Registre de Commerce et des Sociétés

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INDUSTRIAL AND COMMERCIAL BANK OF CHINA (EUROPE) S.A.

Annual Report

2024

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (EUROPE) S.A.

32, Boulevard Royal, L-2449 Luxembourg

<https://europe.icbc.com.cn>

CHAIRMAN STATEMENT

The year 2024 marks the 40th anniversary of the ICBC Group. As the Group's local entity serving the European Union, ICBC (Europe) S.A. has consistently adhered to its strategic direction and successfully sustained a trend of steady and progressive growth.

Our momentum for advancement remains strong. With the support of shareholder, we are pleased to report that we achieved major business objectives. Total assets reached EUR 7.14 billion, with loans and advances to credit institutions and customers rose to EUR 4.57 billion. Interest income climbed by 8% to EUR 233.32 million, and commission income rose by 6% to EUR 43.75 million. Net profit for the financial year amounted to EUR 21.81 million.

Our customer base and product offerings have become increasingly diversified. We continue to provide a comprehensive range of services including wholesale banking, financial markets, cross-border Renminbi transactions, and investment banking. Tailored financial solutions now serve more than 700 European and Chinese clients. We also launched pilot innovations in sustainable finance to align with evolving market needs.

Our foundations for stable and sustainable development have been further reinforced. A strong culture of compliance is embedded across all three lines of defense within the Bank. Our proactive risk management practices have ensured healthy asset quality, with the non-performing loan ratio of 0.16% well below the local average. We continue to leverage technological innovation to improve operational efficiency and bolster IT security.

Our strategic role in supporting China-EU economic cooperation is increasingly recognized. We are committed to this mission and have actively participated in key international events, including *the 7th China International Import Expo (CIIE)*. Notably, we successfully hosted the first European venue of *the Beijing Financial Street Forum*. At the local level, we continue to play a vital role in strengthening economic and social ties between China and Europe by engaging with peers through chambers of commerce and community initiatives.

Looking ahead, 2025 is the 50th anniversary of the establishment of diplomatic relations between China and the EU. This deepening partnership will undoubtedly bring greater economic exchange and new opportunities for trade—driving demand for more diverse and high-quality financial services. ICBC (Europe) S.A. will remain

committed to delivering strong performance, creating value for our stakeholders, and supporting the long-term prosperity of the China-EU relationship.

A stylized, handwritten signature in black ink, appearing to be 'LW' with a large loop and a long vertical stroke extending downwards.

Mr. LUO Wei

Chairman of the Board of Directors

Luxembourg, June 2025

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 2024
(with report of the *réviseur d'entreprises agréé* thereon)

Table of contents

	Pages
Management Report	1 - 7
Report of the <i>réviseur d'entreprises agréé</i>	8 - 12
Annual accounts	
- Balance sheet	13 - 14
- Off balance sheet	15
- Profit and loss account	16
- Notes to the annual accounts	17 - 49

Management Report

For the year ended 31 December 2024

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 2024.

As of 31 December 2024, the Bank registered and headquartered in Luxembourg has six Branches in Paris, Amsterdam (with an office in Rotterdam), Brussels (with an office in Antwerp), Milan (with an office in Rome), Madrid (with an office in Barcelona) and Warsaw (collectively "the Branches"), as well as a Representative Office in Athens.

Financial review

The total assets reached EUR 7,137,762,487 as of 31 December 2024, of which an amount of EUR 1,945,447,492 corresponded to Loans and advances to credit institutions, and an amount of EUR 2,620,040,058 corresponded to Loans and advances to customers.

The total liabilities as of 31 December 2024 amounted to EUR 7,137,762,487 of which EUR 2,578,698,502 were Amounts owed to credit institutions and EUR 3,761,331,744 were Amounts owed to customers. The Bank's total share capital amounted to EUR 437,432,880, which represented 36,452,740 shares at a par value of EUR 12 as of 31 December 2024. During the year 2024, the Bank did not acquire any of its own shares and did not have any specific activities in the field of research and development.

The key movements in the balance sheet as at year-end 2024 compared to prior year are mainly characterized by the overall increase in Cash, balances with central banks and post office banks by EUR 1,188,098,855, that is followed mainly by the increase in Amounts owed to customers by EUR 1,189,445,225.

The Bank generated a profit for the financial year 2024 of EUR 21,808,225 compared to prior year profit of EUR 25,695,140. The profit for the financial year 2024 incurred was mainly due to 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. The return on assets amounted to 0.31% as of end of December 2024 (2023: 0.51%).

Key Business Operations

The Bank and its Branches are fulfilling its mission to serve China-EU cross-border financial demand and communication and continued in 2024 to explore local business opportunities. The principal business activities of the Bank during the year of 2024 were represented by corporate banking, bond underwriting and investment banking business, cash management, fixed-income investment, money markets and foreign exchange operations, deposit taking and

Management Report

remittance operations, and Renminbi (CNY) related business. The Bank further integrated regional operational resources, enhancing centralized management efficiency.

At the end of 2024, the Bank increased the Loans and advances to customers by EUR 303mio compared to prior year mainly due to increased outstanding loans to corporate customers. During 2024, a total of 45 credit assets (with the amounts of EUR 1,823,684,727, USD 222,000,000, PLN 800,000,000 and GBP 32,140,000) were transferred from the Bank to Industrial and Commercial Bank of China Limited, Luxembourg Branch, consisting of 45 loan assets and the related collateral.

The Bank established in 2023 an EMTN programme and maintained in 2024 this option for long term funding. No EMTN were issued at the end of 2024. In 2024, the Bank continued to enhance its funding capacity and initiated a certificate of deposits programme by EUR 28,876,697 (USD 30,000,000) and increased its corporate deposit business.

In line with its strategy, the Bank recruited candidates from the European market in 2024 to benefit from relevant local skills, knowledge and experience for its activities. Moreover, the Bank recruited interns from renowned business schools and universities to contribute to its role of social responsibility towards the community by offering a first professional experience to young talents.

✧ Risk Management System

In 2024, the Bank continued to invest significant resources in order to strengthen its enterprise risk management framework by promoting the path of active prevention, smart control and comprehensive management. It also improved the governance over all key risks.

The Bank further strengthened its overall risk management system with a special focus on governance, credit risk, ICT risks, market risk and interest rate risk in the banking book. The Bank continues to benefit from the overall good quality of its loan and bond portfolios and did not record any new non-performing exposures. Additionally, the Bank successfully managed all important risk indicators within its appetite and regulatory requirements and maintained a good level of stability in its indicators, demonstrating further improvements in optimizing its resources.

The Bank continued monitoring the evolution of its IRRBB on a monthly basis during 2024. The Bank also continued measuring the IRRBB on the earnings perspective, complementary to the net interest income (NII) perspective during 2024, and continued operating the internal model for the computation of option risk for early withdrawal of term deposits and prepayment of loans. An “Enhanced Stress Test” was also applied on a semi-annual basis, that stresses the actual observations of interest rate variation. Following the CSSF’s on-site inspection in 2023 on the topic of IRRBB, the Bank reviewed its internal framework and worked in collaboration with an external advisor to update its existing computation tool and develop new computation models to address the observations and recommendations received from the

Management Report

CSSF. Throughout 2024, the Bank did not breach any of the regulatory thresholds on IRRBB. The Bank assessed the results of CSRBB on a quarterly basis throughout 2024, which were considered as marginal and not material.

In 2024, 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 were maintained at satisfactory and adequate levels.

At the end of 2024, the Capital adequacy ratio was 20.26%, reflecting a high and stable level throughout the entire year.

For credit risk, the Bank has continuously reinforced the unified credit management mechanism by strengthening credit risk monitoring especially on exposures related to 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 and ensured compliance with European and national regulations.

As of 31 December 2024, the Bank's Non-performing loans (NPL) ratio was 0.16%, demonstrating the excellent quality of the Bank's loan portfolio. Value adjustments in respect of loans and advances and provisions for contingent liabilities and for commitments in the amount of EUR 1.575.360 were made by the end of 2024. The Bank's bond investments are in line with the annual bond investment strategy. As of 31 December 2024, all credit risk limits were compliant with the risk limits plan.

For market risk, the Bank issued the 2024 Annual Plan for the Market Risk Limit Management in the Trading Book. At the end of 2024, 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 the Net Stable Funding Ratio (NSFR) on both aggregated level and at branch level, the Liquidity Coverage Ratio (LCR) at aggregated level and LCR derived "net outflows" targets at branch level. The LCR was 197.78% and the NSFR was 117.21%, 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 13mio (after application of penalty) and EUR -24mio 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 -24mio. The decreases resulting from these tests equal respectively 3.30% of the Bank's own funds and 4.58% of the Bank's CET1 capital. The "Enhanced Stress Test" computation at the end of the year shows an increase of the Bank's

Management Report

Economic Value of Equity of EUR 18mio (after application of penalty), following an overall rates' decrease year-on-year. As far as NII results are concerned, the results of the regulatory parallel stress test show respectively an increase of EUR 3.65mio in the case of a parallel shock down and a decrease of EUR -3.65mio in the case of a parallel shock up (including the option risk impact, which is marginal on NII as of 31 December 2024), while the worst result of the additional scenarios (being the Flattener) shows a result EUR -7.67mio. In terms of earnings, the test results in an increase of EUR 27mio and a decrease of EUR -26mio in case of a parallel shock down/up, due to the impact of the rates shift on the value of bonds accounted for at fair value (EUR 24mio / EUR -22mio).

In respect of operational risk, the Bank updated its limits and warning values of operational risk appetite of 2024, completed the Risk Control self-assessment, operational risk assessment report and fraud event report on payment services, and improved the escalation process of operational risk events.

Information regarding the Bank's Pillar 3 Disclosure Report for 2024 will be published on the Bank's website during 2025: <https://europe.icbc.com.cn>

With regard to legal risk, the Bank has a management system, as well as 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 identify any possible reputation risk.

With regard to compliance-related risks, the Bank created an effective compliance framework which is regularly reviewed. In 2024, the Bank further enhanced its AML&CTF framework and risk assessment through the completion of dedicated projects and actions, including a tailor-made sanctions risk assessment.

The European Chief Compliance Officer (the "ECCO") continued to ensure the Compliance Department's robust structure, as has been in place since 2018, laying down the basis for the function to maintain and ensure adequacy of the internal human and technical resources in a business-as-usual mode.

On this basis, the compliance function continued developing its training program, AML and compliance risk assessment, and compliance monitoring framework, including 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 2025, the Bank and the compliance function are continuing to further improve the corporate governance and compliance framework, namely focusing on risk assessment, control and reporting, reinforcement of the three lines of defence model, as well as the deployment of new

Management Report

AML/CTF & Sanctions monitoring tools while enhancing the existing ones and initiated various projects with the aim to develop these topics.

With regard to ICT risk, the Bank established a framework for the management of ICT risk and pays high attention to prevent ICT risk, as it was identified by the ECB and the CSSF as a major risk in the banking industry. Following the CSSF's on-site inspection in 2024 on the Bank's IT Risk covering the Bank's IT Organisation, Data quality Management and Backup Management the Bank is following up on the CSSF's observations and requests as agreed in action plans.

✧ ESG considerations

In 2024, the Bank's Sustainable Finance Department continued working to deliver on ESG integration and enhancement by developing an ESG framework and providing ESG awareness training to the staff. The Bank is strengthening its ESG oversight of branches by establishing dedicated communication channels, ensuring a robust and reliable structure. The Bank integrated ESG consideration into its credit approval process, ensuring that environmental, social, and governance factors are evaluated alongside financial metrics. Additionally, the Bank focused on ESG data development and received an external review on its ESG status to ensure thorough evaluation and transparency. Consequently, the Bank is continuing the follow-up of the necessary remediation as defined in an action plan to achieve full compliance with legal and regulatory ESG requirements. Committed to financing the transition to low-carbon economy in Europe, the Bank aims to capture new growth opportunities in the local markets.

✧ 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 2024 annual accounts and financial reports according to the applicable laws and regulations.

✧ Allocation of results

No dividend has been paid during 2024 and the Authorized Management proposes that no dividend will be paid during 2025 for the year ended 31 December 2024. As required by Luxembourg law, the Bank keeps a legal reserve. The Authorized Management proposes to allocate the profit of the financial year 2024 to the Result brought forward after deducting 5% proportion for the legal reserve.

Management Report

✧ Significant events

The following significant events took place during the financial year 2024:

To comply with requirements, during 2024, the Bank followed up on the Luxembourg regulatory authorities' observations and requests as agreed in action plans.

No other matters or events have occurred subsequent to 31 December 2024 that would materially affect the Annual Accounts and related disclosures for the year ended 31 December 2024.

✧ The forecasts for 2025

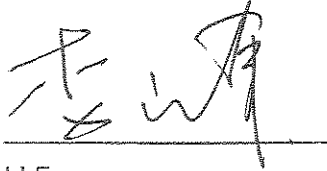
While the forecast for 2025 suggests a stabilisation in inflation and a modest recovery in growth in the European Union, nevertheless, the geopolitical landscape introduces considerable uncertainty. Geopolitical tensions, particularly from the conflicts in Ukraine and the Middle East, which could lead to supply chain disruptions and drive inflation higher due to potential disruptions in energy and commodity prices. Also, protectionist measures could have long lasting effects on the economic situation in the European Union for the whole year 2025. The ECB has been adjusting its monetary policy with recent interest rate cuts, indicating a cautious approach to managing inflation while supporting economic growth. The ECB's policy is data-dependent, suggesting potential for further adjustments based on incoming economic data and inflation trends in 2025. Forecasts for European Union GDP growth in 2025 are modestly optimistic subject to significant downside risks, including global trade frictions and geopolitical uncertainties which could impact the European Union's open economy by reducing trade volumes and increasing costs. A cautious financial market in the European Union with expectations of volatility could prevail in 2025. At the time of this report, the effect of the aforementioned factors on the Bank's business for the whole year 2025 is still uncertain. In case of on-going uncertainties and potential volatility for the whole year 2025 triggered by the Ukraine conflict or Middle East conflicts, 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 and managing potential risks.

In 2025, the Bank is targeting new business opportunities and will continue serving its clients, Chinese companies investing in Europe, European companies with business interests in China as well as local companies. The Bank will focus its efforts on maintaining a stable and sustainable capital and business development trend, enhancing customer service capability focusing on services of corporate banking, financial markets, cross-border RMB, and green finance, accelerating key initiatives in regional centralization, system automation, and workforce improvement to enhance operational efficiency.

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

Management Report

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

A handwritten signature in black ink, appearing to be 'Li Feng', written over a horizontal line.

LI Feng
General Manager

Luxembourg, 31 March 2025

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

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

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, 2024, 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, 2024, 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 No 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, 2024

The loans and advances to customers at year-end amounted to EUR 2,620,040,058. These loans are recorded at acquisition cost and the Bank establishes specific provisions for doubtful loans (EUR 12.14 million as at December 31, 2024). 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 was the matter addressed in the audit?

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

Our evaluation of the design and implementation 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 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 is responsible for the preparation and fair presentation of these 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 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 skepticism 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 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, actions taken to eliminate threats or safeguards applied.

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 September 13, 2024 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is four 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 remained independent of the Bank in conducting the audit.

For Deloitte Audit, *Cabinet de révision agréé*



Ekaterina Volotovskaya

Ekaterina Volotovskaya, *Réviseur d'entreprises agréé*
Partner

Luxembourg, March 31, 2025

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

Balance Sheet
As of 31 December 2024
(expressed in EUR)

<u>Assets</u>	<u>Notes</u>	<u>31.12.2024</u>	<u>31.12.2023</u>
Cash, balances with central banks and post office banks	3	1,641,170,891	453,072,036
Treasury bills and other bills eligible for refinancing with central banks	3, 4	409,873,051	589,427,842
- Treasury bills		288,330,046	380,741,167
- Other bills eligible for refinancing with central banks		121,543,006	208,686,675
Loans and advances to credit institutions	3, 6	1,945,447,492	946,884,222
a) repayable on demand		132,635,660	197,975,639
b) other loans and advances		1,812,811,832	748,908,583
Loans and advances to customers	3	2,620,040,058	2,317,403,094
Debt securities and other fixed-income securities	3, 4	442,510,520	689,295,378
- issued by public bodies		109,189,820	161,810,697
- issued by other borrowers		333,320,700	527,484,681
Shares and other variable-yield securities	3, 4	5,298,165	10,683,368
Intangible assets	5	46,226	34,298
Tangible assets	5	25,322,890	25,214,431
Other assets	7	5,128,669	4,565,639
Prepayments and accrued income	6, 8	42,924,525	38,122,111
Total assets	9	7,137,762,487	5,074,702,419

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 2024
(expressed in EUR)

<u>Liabilities</u>	<u>Notes</u>	<u>31.12.2024</u>	<u>31.12.2023</u>
Amounts owed to credit institutions	3, 6	2,578,698,502	1,770,597,559
a) repayable on demand		293,804,378	198,830,847
b) with agreed maturity dates or periods of notice		2,284,894,124	1,571,766,712
Amounts owed to customers	3	3,761,331,744	2,571,886,520
a) repayable on demand		3,497,792,442	1,758,125,197
b) with agreed maturity dates or periods of notice		263,539,302	813,761,323
Debts evidenced by certificates	3	28,876,697	-
Debt securities in issue		28,876,697	-
Other liabilities	7	4,779,692	7,305,236
Accruals and deferred income	6, 8	75,327,039	64,618,187
Provisions	12	32,139,483	25,493,813
a) provisions for taxation		9,768,765	7,981,682
b) other provisions		22,370,718	17,512,131
Subordinated liabilities	3	200,000,000	200,000,000
Subscribed capital	10	437,432,880	437,432,880
Reserves	11	9,169,172	7,884,416
Profit/(Loss) brought forward	11	(11,800,947)	(36,211,332)
Profit/(Loss) for the financial year	11	21,808,225	25,695,140
Total liabilities	9	7,137,762,487	5,074,702,419

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 2024
(expressed in EUR)

<u>Off balance sheet</u>	Notes	<u>31.12.2024</u>	<u>31.12.2023</u>
Contingent liabilities	3, 22	323,058,582	310,866,531
Commitments			
Undrawn credit facilities	3, 22	1,676,390,668	1,316,570,151

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 2024
(expressed in EUR)

	Notes	31.12.2024	31.12.2023
Interest receivable and similar income	14	233,321,047	215,596,010
<u>of which:</u>			
- arising from fixed-income transferable securities		22,959,228	27,231,393
Interest payable and similar charges	14	(212,464,144)	(184,287,371)
Commission receivable		43,749,550	41,411,789
Commission payable	15	(8,888,706)	(8,706,358)
Net profit or net loss on financial operations	16	(2,323,551)	(13,228,752)
Other operating income	18	21,716,715	14,660,947
General administrative expenses		(77,403,712)	(75,888,560)
a) staff costs	19	(58,115,080)	(54,882,049)
<u>of which:</u>			
- wages and salaries		(41,906,709)	(39,014,596)
- social security costs		(10,021,334)	(9,626,178)
b) other administrative expenses		(19,288,631)	(21,006,511)
Value adjustments in respect of tangible and intangible assets	5	(623,687)	(627,069)
Other operating charges	18	(1,777,382)	(5,337,351)
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	(1,575,360)	(3,399,831)
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		32,809,662	50,712,264
Value adjustments in respect of transferable securities held as financial fixed assets, participating interests and shares in affiliated undertakings		(17,142)	(285,134)
Value re-adjustments in respect of transferable securities held as financial fixed assets, participating interests and shares in affiliated undertakings		-	838,725
Tax on profit on ordinary activities		(4,715,065)	(5,764,169)
Profit/(Loss) on ordinary activities after tax		21,808,225	25,695,140
Profit/(Loss) for the financial year		21,808,225	25,695,140

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 2024

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 2024, the Bank registered in Luxembourg has six Branches located in Amsterdam (with an office in Rotterdam), Brussels (with an office in Antwerp), Madrid (with an office in Barcelona), Milan (with an office in Rome), Paris and Warsaw (collectively “the Branches”) and a Representative Office in Athens.

Annual accounts

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

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

Notes to the annual accounts (continued)
As of 31 December 2024

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 2024

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".

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 2024

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 2024

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.

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

Notes to the annual accounts (continued)
As of 31 December 2024

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 2024 and 2023, 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%

Amounts payable

Amounts payable are recorded under liabilities at their reimbursement amount.

Debt

Debt must be included in the balance sheet under liabilities at the amount repayable, irrespective of whether it is issued at an amount above or below the amount repayable.

Where the amount repayable on account of any debt, whatever its nature, is greater than the amount received, the difference (repayment premium) may be recorded as an asset under "Prepayments and accrued income" and written off to the profit and loss account over the term of the debt. Repayment premiums are similar in nature to interest and are to be included in the profit and loss account under "Interest payable and similar charges".

In the case of zero-coupon securities or securities issued at a discount, the difference must be included in the balance sheet under assets and the debt under liabilities at the amount repayable. The difference is not spread on a straight-line basis, in order to take account of the fact that the charge, generating an increase in the value of the debt, is calculated on the basis of compound interest. The difference can, however, be spread on a straight-line basis if the impact on the interest margin and net profits is negligible meaning, when the remaining term to maturity of the debt is less than one year, and it is recorded under "Accruals and deferred income".

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.

Notes to the annual accounts (continued)
As of 31 December 2024

Note 2 – Summary of significant accounting policies (continued)

Provisions (continued)

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.

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".

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".

Notes to the annual accounts (continued)
As of 31 December 2024

Note 2 – Summary of significant accounting policies (continued)

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.

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 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.

Notes to the annual accounts (continued)
As of 31 December 2024

Note 2 – Summary of significant accounting policies (continued)

Financial instruments (continued)

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 (instruments that are cash-traded instruments listed above).

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

Notes to the annual accounts (continued)
As of 31 December 2024

Note 3 – Financial instrument disclosures

Information on primary non-trading financial instruments

As at 31 December 2024, 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	1,641,170,891	-	-	-	1,641,170,891
Treasury bills and other bills eligible for refinancing with central banks	40,090,412	915,177	347,991,373	20,876,089	409,873,051
Loans and advances to credit institutions	396,630,868	441,812,783	1,107,003,841	-	1,945,447,492
Loans and advances to customers	150,135,974	317,049,156	1,851,109,433	301,745,495	2,620,040,058
Debt securities and other fixed-income securities	100,022,846	53,092,057	289,395,617	-	442,510,520
Shares and other variable-yield securities	-	755,500	4,542,665	-	5,298,165
Total financial assets	2,328,050,991	813,624,673	3,600,042,929	322,621,584	7,064,340,177

In the position "Cash, balances with central banks and post office banks" the mandatory minimum reserves of EUR 57,059,091 are included.

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

Notes to the annual accounts (continued)
As of 31 December 2024

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	649,931,537	100,000,000	1,828,766,965	-	2,578,698,502
Amounts owed to customers	2,824,641,548	824,948,393	111,741,802	-	3,761,331,743
Subordinated liabilities	-	-	-	200,000,000	200,000,000
Total financial liabilities	3,474,573,085	924,948,393	1,940,508,767	200,000,000	6,540,030,245
Off balance sheet					
Contingent liabilities	456,728	143,499,019	164,426,791	14,676,044	323,058,582
Commitments	84,497,294	139,131,142	1,394,634,375	58,127,857	1,676,390,668
	84,954,022	282,630,161	1,559,061,166	72,803,901	1,999,449,250

As at 31 December 2024, the Bank had not engaged in primary trading instruments.

As at 31 December 2024, the Bank had issued third party debt evidenced by certificates in USD, of carrying amount EUR 28,876,697 with maturities in ≤ 3 months of EUR 9,625,566 and in >3 months ≤ 1 year of EUR 19,251,131.

Subordinated liabilities

The following borrowings represent 100% of the total amount EUR 200,000,000 of subordinated liabilities as at year-ends 2024 and 2023.

The Bank has incurred charges of EUR 8,859,012 (2023: EUR 7,747,036) during the financial year with respect to its subordinated liabilities.

Subordinated loan agreement between the Bank and 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	22 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.

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

Notes to the annual accounts (continued)
As of 31 December 2024

Note 3 – Financial instrument disclosures (continued)

Information on primary non-trading financial instruments (continued)

As at 31 December 2023, 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	453,072,036	---	---	---	453,072,036
Treasury bills and other bills eligible for refinancing with central banks	4,966,795	116,649,114	447,727,143	20,084,790	589,427,842
Loans and advances to credit institutions	716,734,901	122,624,434	107,524,887	---	946,884,222
Loans and advances to customers	235,991,897	295,748,608	1,323,294,040	462,368,549	2,317,403,094
Debt securities and other fixed-income securities	63,806,007	207,099,615	418,389,756	---	689,295,378
Shares and other variable-yield securities	---	755,500	9,927,868	---	10,683,368
Total financial assets	1,474,571,636	742,877,271	2,306,863,694	482,453,339	5,006,765,940

In the position "Cash, balances with central banks and post office banks" the mandatory minimum reserves of EUR 36,268,708 are included.

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

Notes to the annual accounts (continued)
As of 31 December 2024

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	271,900,726	127,000,000	1,371,696,833	---	1,770,597,559
Amounts owed to customers	1,642,108,480	498,945,461	430,832,579	---	2,571,886,520
Subordinated liabilities	---	---	---	200,000,000	200,000,000
Total financial liabilities	1,914,009,206	625,945,461	1,802,529,412	200,000,000	4,542,484,079
Off balance sheet					
Contingent liabilities	25,174,642	149,960,721	135,731,168	---	310,866,531
Commitments	22,414,104	282,468,820	920,726,065	90,961,162	1,316,570,151
	47,588,746	432,429,541	1,056,457,233	90,961,162	1,627,436,682

As at 31 December 2023, the Bank had not engaged in primary trading instruments.

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

Notes to the annual accounts (continued)
As of 31 December 2024

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 2024 and 2023, 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 2024 (in EUR)	≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total notional amount	Fair value
Foreign exchange swaps	572,685,114	---	---	---	572,685,114	712,419
Total	572,685,114	---	---	---	572,685,114	712,419
Instrument classes as of 31 December 2023 (in EUR)	≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total notional amount	Fair value
Foreign exchange swaps	592,620,834	---	---	---	592,620,834	(605,579)
Total	592,620,834	---	---	---	592,620,834	(605,579)

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 counterparties.

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

As at 31 December 2024, the Bank had not entered into a trading FX rate swap contract.

As at 31 December 2023, the Bank had not entered into a trading FX rate swap contract.

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

Notes to the annual accounts (continued)
As of 31 December 2024

Note 3 – Financial instrument disclosures (continued)

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 2024, the Bank entered into an interest rate swap contract for the purpose of hedging its existing transferable securities portfolio.

Instrument classes as of 31 December 2024 (in EUR)					Total notional amount	Fair value
	≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 5 years	> 5 years		
Interest rate swaps	---	---	---	20,000,000	20,000,000	(1,018,938)
Total	---	---	---	20,000,000	20,000,000	(1,018,938)

As at 31 December 2023, the Bank had entered into an interest rate swap contract for the purpose of hedging its existing transferable securities portfolio.

Instrument classes as of 31 December 2023 (in EUR)					Total notional amount	Fair value
	≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 5 years	> 5 years		
Interest rate swaps	---	---	---	20,000,000	20,000,000	(1,131,666)
Total	---	---	---	20,000,000	20,000,000	(1,131,666)

As at 31 December 2024, the Bank had entered into interest rate swap contracts for the purpose of hedging its existing money market positions. Their nominal value amounted to EUR 506,255,655 (2023: nil) and their fair value to EUR 2,869,395 (2023: nil) with maturities between 1 and 5 years.

As at 31 December 2024, the Bank had entered into interest rate swap contracts with their customers and ICBC Luxembourg Branch. Their nominal value amounted to EUR 139,664,068 and their fair value to EUR 617,166 (2023: EUR 637,664) with maturities between 1 and 5 years of EUR 70,000,000 and over 5 years of EUR 69,664,068 (Nominal Value 2023: EUR 129,323,077 with maturity over 5 years).

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

Notes to the annual accounts (continued)
As of 31 December 2024

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 2024 (in EUR)	Credit risk exposure	Collateral (*)	Net credit risk exposure
Treasury bills and other bills eligible for refinancing with central banks	409,873,051	-	409,873,051
Debt securities and other fixed income securities	442,510,520	-	442,510,520
Loans and advances to credit institutions	1,945,447,492	303,499,561	1,641,947,931
Loans and advances to customers	2,620,040,058	1,239,229,326	1,380,810,732
Loan commitments and other credit related commitments	1,676,390,668	682,808,858	993,581,810
Financial guarantees and other credit related contingent liabilities	323,058,582	219,320,423	103,738,159
Total	7,417,320,371	2,444,858,168	4,972,462,203

(*) Collaterals are mainly composed of intergroup guarantees.

During 2024, 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 1,575,360 (2023: EUR 3,399,831).

The total balance of provisions as of 31 December 2024 for Loans and advances and off balance sheet exposures amount to EUR 13,871,510 (2023: EUR 11,091,574).

During 2024, a total of 45 credit assets (with the amounts of EUR 1,823,684,727, USD 222,000,000, PLN 800,000,000 and GBP 32,140,000) were transferred from the Bank to Industrial and Commercial Bank of China Limited, Luxembourg Branch, consisting of 45 loan assets and the related collateral.

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

Notes to the annual accounts (continued)
As of 31 December 2024

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 2023 (in EUR)	Credit risk exposure	Collateral (*)	Net credit risk exposure
Treasury bills and other bills eligible for refinancing with central banks	589,427,842	---	589,427,842
Debt securities and other fixed income securities	689,295,378	---	689,295,378
Loans and advances to credit institutions	946,884,222	150,000,000	796,884,222
Loans and advances to customers	2,317,403,094	1,940,954,995	376,448,849
Loan commitments and other credit related commitments	1,316,570,151	291,101,302	1,025,468,849
Financial guarantees and other credit related contingent liabilities	310,866,533	220,940,166	89,926,367
Total	6,170,447,220	2,602,996,463	3,567,450,757

(*) Collaterals are mainly composed of intergroup guarantees.

During 2023, a total of 68 credit assets (with the amounts of EUR 2,797,610,011, USD 406,000,000 and PLN 625,000,000) were transferred from the Bank to Industrial and Commercial Bank of China Limited, Luxembourg Branch, consisting of 68 loan assets and the related collateral.

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

Notes to the annual accounts (continued)
As of 31 December 2024

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 2024 and 2023, 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	31.12.2024 EUR	31.12.2023 EUR
Financial assets		
By instrument class and geographic location		
Loans and advances to credit institutions	1,945,447,492	946,884,222
<i>of which non-EU member countries</i>	234,464,287	165,413,108
Loans and advances to customers	2,620,040,058	2,317,403,094
<i>of which non-EU member countries</i>	223,174,820	210,321,266
Transferable securities	852,383,571	1,278,723,220
<i>of which non-EU member countries</i>	356,731,643	553,599,418
Total	5,417,871,122	4,543,010,536
<i>of which non-EU member countries</i>	814,370,750	929,333,792

Notes to the annual accounts (continued)
As of 31 December 2024

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.

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

Notes to the annual accounts (continued)
As of 31 December 2024

Note 4 – Transferable securities

Transferable securities other than shares and other variable-yield securities

As at 31 December 2024 and 2023, the listed securities breakdown by portfolio classification is as follows:

	31.12.2024	31.12.2023
	EUR	EUR
Investment portfolio	100,404,856	196,012,925
Structural portfolio	751,978,715	1,082,710,295
	<u>852,383,571</u>	<u>1,278,723,220</u>

As at 31 December 2024, debt securities and other fixed-income securities and treasury bills in the investment portfolio are held for their investment return.

As at 31 December 2024, 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 194,797,134 (2023: EUR 394,201,141).

As at 31 December 2024, the cumulative amortization of premiums/discounts on these securities amounts to EUR 7,477,134 (2023: EUR 14,360,281) and the portion of the premiums/discounts not yet amortized amounts to EUR 436,850 (2023: EUR 1,554,864).

As at 31 December 2024, the market value of the securities held by the Bank amounts to EUR 845,599,073 (2023: EUR 1,265,926,828).

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 852,383,571 (2023: EUR 1,278,723,220).

The lower of amortised cost or market value provision of the securities held by the Bank amounts to EUR 29,044,311 (2023: EUR 63,371,597).

The Bank has entered into transactions based on firm agreements to sell and repurchase assets for an amount of EUR 0 (2023: EUR 91,000,000). As at 31 December 2024, the value of financing obtained by the Bank under such agreements is EUR 0 (2023: EUR 77,000,000).

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

Notes to the annual accounts (continued)
As of 31 December 2024

Note 4 – Transferable securities (continued)

Quoted shares and other variable-yield securities

As at 31 December 2024 and 2023, the listed shares breakdown is as follows:

	31.12.2024 EUR	31.12.2023 EUR
Quoted shares	4,542,665	9,927,868
Other variable-yield securities (UCITS)	755,500	755,500
	<u>5,298,165</u>	<u>10,683,368</u>

The quoted shares held by the Bank have been received as loan settlement for a client who has undergone financial restructuring. The market price of the quoted shares deteriorated in 2024 and resulted to an unrealized loss of EUR 5,385,203.

As at 31 December 2024 and 2023, 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 2024, the market value of other variable-yield securities held by the Bank amounts to EUR 873,185 (2023: EUR 873,185). As at 31 December 2024 cost of the shares at acquisition amounted to EUR 755,500 (2023: EUR 755,500), resulting in an unrealised gain of EUR 117,685 (2023: unrealised gain of EUR 117,685).

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

Notes to the annual accounts (continued)
As of 31 December 2024

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 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)	196,410,792	-	(96,951,459)	1,004,089	100,463,422	(397,867)	(17,142)	397,867	(41,423)	(58,565)	100,404,856
Intangible assets (4)	730,906	43,196	-	-	774,102	(696,608)	(27,991)	(3,249)	(28)	(727,876)	46,226
Tangible assets:	37,790,846	597,088	(393,010)	-	37,994,924	(12,576,415)	(595,696)	515,604	(15,527)	(12,672,034)	25,322,890
- land and building (5)	25,928,648	447,832	-	-	26,376,480	(2,164,219)	(229,958)	53,018	(15,527)	(2,356,686)	24,019,794
- technical equipment and machinery	4,657,905	-	(393,010)	-	4,264,895	(4,308,283)	(146,964)	492,660	-	(3,962,587)	302,307
- other fixtures and fittings, tools and equipment	7,204,293	149,256	-	-	7,353,549	(6,103,913)	(218,774)	(30,074)	-	(6,352,761)	1,000,789

(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

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

Notes to the annual accounts (continued)
As of 31 December 2024

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 was not made on terms equivalent to those that prevail in arm's length transactions, as of 31 December 2024 and for the year then ended.

As at 31 December 2024 and 2023, the following main balances with related parties are included on the assets side of the balance sheet:

	31.12.2024	31.12.2023
	EUR	EUR
Loans and advances to credit institutions	1,637,866,740	646,937,585
Debt securities and other fixed-income securities	101,137,857	98,520,958
Prepayments and accrued income	11,209,802	4,953,963
	<u>1,750,214,399</u>	<u>750,412,506</u>

In the position "Loans and advances to credit institutions", EUR 150,000,000 are pledged as collateral at ICBC Luxembourg Branch (2023:nil).

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

	31.12.2024	31.12.2023
	EUR	EUR
Amounts owed to credit institutions	2,084,590,285	1,570,160,927
Accruals and deferred income	10,386,765	11,885,531
Subordinated liabilities	200,000,000	200,000,000
	<u>2,294,977,050</u>	<u>1,782,046,458</u>

As at 31 December 2024 and 2023, the following main balances with related parties are included on the off balance sheet:

	31.12.2024	31.12.2023
	EUR	EUR
Contingent liabilities	10,744,402	11,278,741
	<u>10,744,402</u>	<u>11,278,741</u>

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

Notes to the annual accounts (continued)
As of 31 December 2024

Note 6 – Related parties balances (continued)

The profit and loss account also has balances with related parties in 2024, including the following captions:

- Interest receivable and similar income for EUR 26.6 mio (2023: EUR 12.9 mio)
- Interest payable and similar charges for EUR 58.3 mio (2023: EUR 80.5 mio)
- Commission receivable for EUR 21.8 mio (2023: EUR 19.5 mio)
- Commission payable for EUR 7.3 mio (2023: EUR 7.4 mio)
- Other operating income for EUR 20.7 mio (2023: EUR 11.4 mio)
- Other operating charges for EUR 1.7 mio (2023: EUR 1.4 mio)

Note 7 – Other assets and other liabilities

As at 31 December 2024 and 2023, "Other assets" are as follows:

	31.12.2024	31.12.2023
	EUR	EUR
Tax reimbursement (VAT)	111,962	163,272
Transitory/clearing accounts	1,231,465	1,091,080
Other accounts receivable	3,785,242	3,311,288
	<u>5,128,669</u>	<u>4,565,639</u>

As at 31 December 2024 and 2023, "Other liabilities" are as follows:

	31.12.2024	31.12.2023
	EUR	EUR
Preferential creditors	2,157,496	4,752,804
Transitory accounts	856,879	598,170
Suspense remittance	1,741,000	1,714,898
Other/clearing accounts	24,317	239,364
	<u>4,779,692</u>	<u>7,305,236</u>

The suspense item in amount of EUR 1,741,000 (2023: EUR 1,714,898) represents pending customers' remittance.

The preferential creditors position amounts to EUR 2,157,496 (2023: EUR 4,752,804) is mainly reflecting tax and social security related liabilities.

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

Notes to the annual accounts (continued)
As of 31 December 2024

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

As at 31 December 2024 and 2023, prepayments and accrued income are as follows:

	31.12.2024	31.12.2023
	EUR	EUR
Accrued interest receivable and similar income	29,599,630	21,638,770
Tax advance payments	9,137,770	9,240,118
Accrued fees receivable	3,196,714	3,561,108
Neutralization of treasury FX swap	746,577	3,452,374
Other prepaid expenses	243,834	229,741
	<u>42,924,525</u>	<u>38,122,111</u>

As at 31 December 2024 and 2023, accruals and deferred income are as follows:

	31.12.2024	31.12.2023
	EUR	EUR
Accrued interest payable and similar charges	39,542,111	26,893,633
Other deferred income fees and commissions	21,579,249	17,709,757
Cumulative amortization of premiums on transferable securities	12,278,878	16,329,233
Treasury FX swap discount spread pro-rata	34,157	2,655,856
Hedging interest rate swap	1,018,938	-
Accrued fees payable	873,706	1,029,708
	<u>75,327,039</u>	<u>64,618,187</u>

Note 9 – Foreign currency assets and liabilities

As at 31 December 2024, the aggregate amount of the Bank's assets and liabilities denominated in foreign currencies, translated into EUR is equivalent to respectively EUR 1,543,044,145 and EUR 2,064,562,349 (2023: assets EUR 1,105,910,545 and liabilities EUR 1,279,351,430).

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

Notes to the annual accounts (continued)
As of 31 December 2024

Note 10 – Subscribed capital

As of 31 December 2024, the fully paid up capital of the Bank amounts to EUR 437,432,880 (2023: EUR 437,432,880) and is represented by 36,452,740 (2023: 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	(36,211,332)	25,695,140
Allocation of 2023 Profit / (Loss) (1)	1,284,756	24,410,385	(25,695,140)
Profit / (Loss) for the year ended 31 December 2024	-	-	21,808,225
Total	9,169,172	(11,800,947)	21,808,225

(1) The Annual Shareholders' Meeting dated 31.05.2024 approved the appropriation of the 2023 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.

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

Notes to the annual accounts (continued)
As of 31 December 2024

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 2024, the provisions for taxation amount to EUR 9,768,765 (2023: EUR 7,981,682). Tax advances are recorded under "Prepayments and accrued income" in the balance sheet at amount of EUR 9,137,770 (2023: EUR 9,240,118) (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.

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions the Group operates. The legislation is effective for the Group's financial year beginning 1 January 2024. The Group is in scope of the enacted or substantively enacted legislation and has performed an assessment of the Group's exposure to Pillar Two income taxes. Based on the assessment, the Pillar Two effective tax rates in most of the jurisdictions in which the Group operates are above 15%. The Group does not have material exposure to Pillar Two income taxes in those jurisdictions.

Head Office of the Bank in Luxembourg is subject to the general tax regulations applicable to credit institutions in Luxembourg. Branches of the Bank are subject to the general tax regulations of jurisdictions into which branches operate. As of 31 December 2024, Milan branch and Paris branch have tax losses carried forward that are available for offsetting against any potential future taxable profits of these branches. No deferred tax asset has been recognized in the accounts of the Bank in accordance with the Bank's accounting policy.

Other provisions

As at 31 December 2024, "Other provisions" is composed of the provision for wages, salaries and social security cost for an amount of EUR 21,683,539 (2023: EUR 16,916,028), pending litigation for an amount of EUR nil (2023: EUR 2,344), other provisions mainly regarding off-balance sheet operations of EUR 687,179 (2023: EUR 593,759).

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

Notes to the annual accounts (continued)
As of 31 December 2024

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 2024, the 2024 cash contribution for FGDL was recorded in the caption "Other operating charges" for an amount of EUR 8,287 (2023: EUR 19,855).

Additionally, the 2024 FRL contribution for an amount of EUR nil was paid by the Bank and recorded in the caption "Other operating charges" (2023: EUR 3,534,342).

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

Notes to the annual accounts (continued)
As of 31 December 2024

Note 14 – Interest receivable and interest payable

Interest receivable and similar income

Derived from:	2024 EUR	2023 EUR
Loans and advances	182,920,187	172,628,669
Treasury bills and Debt securities (including discount amortization)	22,959,228	27,231,393
Impact of negative interest received for liability positions	-	27,187
Cash with central banks	27,441,632	15,708,761
	<u>233,321,047</u>	<u>215,596,010</u>

Interest payable and similar charges

Derived from:	2024 EUR	2023 EUR
Amounts owed to credit institutions	85,156,795	101,054,459
Treasury bills and Debt securities (premium amortisation)	4,302,551	5,958,273
Amounts owed to customers	122,038,860	76,716,063
Impact of negative interest paid for asset positions	13,490	21,254
Others	469,452	537,322
Certificates of deposits	482,996	-
	<u>212,464,144</u>	<u>184,287,371</u>

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.

Industrial and Commercial Bank
of China (Europe) S.A.
Notes to the annual accounts (continued)
As of 31 December 2024

Note 16 – Net result on financial operations

As of 31 December 2024 and 2023, the net result on financial operations is as follows:

	2024 EUR	2023 EUR
Net result on financial operations		
- thereof bonds	-	(5,402,748)
- thereof FX effects	607,254	(1,223,026)
- thereof derivative financial instruments	2,498,652	(9,078,544)
- thereof shares and other variable-yield securities	(5,429,457)	2,475,566
Total	(2,323,551)	(13,228,752)

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 (20%), European Union Member States excluding Luxembourg (49%) and non-European Union Member States 31% (P.R. China (1%), Hong Kong Special Administrative Region of the People's Republic of China (1%) and others 29%).

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

Notes to the annual accounts (continued)
As of 31 December 2024

Note 18 – Other operating income and other operating charges

As at 31 December 2024 and 2023, "Other operating income" is as follows:

	2024	2023
	EUR	EUR
Shared services	20,708,527	11,436,737
Other	809,625	1,843,681
VAT reimbursement	198,563	1,380,529
Total	21,716,715	14,660,947

As of 31 December 2024, "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 20,708,527 (2023: EUR 11,436,737).

As at 31 December 2024 and 2023, "Other operating charges" are as follows:

	2024	2023
	EUR	EUR
FGDL / FRL	8,287	3,554,198
Shared services	1,673,250	1,416,387
Other	95,845	366,766
Total	1,777,382	5,337,351

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 1,673,250 (2023: EUR 1,416,387).

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

Notes to the annual accounts (continued)
As of 31 December 2024

Note 19 – Staff and Management

Staff

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

	2024	2023
Senior Management	4	5
Management	30	31
Employees	312	317
Total	346	353

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 2024 and 2023, 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 (2023: none).

The fixed remuneration including all allowances (housing, expatriating etc.) for the Senior Management in the financial year 2024 amounts to EUR 1,066,533 (2023: EUR 1,126,369). In 2024, the remuneration of EUR 202,813 was granted to the members of the Board of Directors (2023: EUR 336,717).

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.

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

Notes to the annual accounts (continued)
As of 31 December 2024

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:

	2024 EUR	2023 EUR
Audit fees	376,801	374,666
Audit-related fees	16,642	5,130
Other service fees	29,627	14,510
	<u>423,070</u>	<u>394,306</u>

Note 22 – Contingent liabilities and Commitments

Contingent liabilities

As at 31 December 2024, contingent liabilities consist of guarantees issued by the Bank for EUR 323,058,582 (2023: EUR 310,866,533).

Commitments

As at 31 December 2024, the Bank's commitments are mainly composed of undrawn credit facilities for EUR 1,676,390,668 (2023: EUR 1,316,570,151).

Other commitments

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

	2024 EUR	2023 EUR
No more than a year	7,045,504	5,601,068
More than a year and no more than five years	15,366,432	13,784,732
More than five years	1,372,789	2,541,128
	<u>23,784,725</u>	<u>21,926,928</u>

Note 23 – Post balance sheet events

No event has occurred subsequent to 31 December 2024 that would materially affect the annual accounts and related disclosures for the year ended 31 December 2024.