

Registre de Commerce et des Sociétés

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

# Annual Report

2023

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

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32, Boulevard Royal, L-2449 Luxembourg

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

## CHAIRWOMAN STATEMENT

The year of 2023 was another challenging year for ICBC (Europe) S.A. (the "Bank"). Despite facing conditions such as slowed global growth and persistent high-interest rates, our Bank navigated the pressures and consistently adhered to its business strategy. We have improved business performance, innovated products and services, enhanced comprehensive risk management and corporate governance, fulfilled strategic duties, and delivered robust achievements.

**The motivation for advancement remains strong.** We are pleased to report that we met major business goals. Operating income reached EUR 271.67 million, a 62% increase from the previous year. Commission and fee income grew by 44% to EUR 41.41 million, while Profit for the financial year reached EUR 25.70 million. Total assets climbed to EUR 5.07 billion, with total of loans and advances to credit institutions and customers of EUR 3.26 billion.

**The customer base and product portfolio have been further diversified.** With a comprehensive range of services in wholesale banking, financial markets, cross-border Renminbi transactions, and sustainable finance, the Bank tailored its services to meet the needs of both European and Chinese clients. Local business now constitutes over 90% of our loan portfolio, and we have actively supported significant investment projects by Chinese and local entities.

**The foundation for stable development has been strengthened.** A culture of compliance is firmly rooted within the Bank across all three lines of defense. Our proactive risk management ensures that asset quality remains sound, with a non-performing loan ratio significantly lower than the local average. We centralized credit approval, liquidity management, and operations at headquarters, leveraging technological innovation to enhance efficiency.

**The strategic role of the Bank has been recognized.** We have maintained our strategic priorities and made invaluable contributions to key multilateral diplomatic events of *the 3rd Belt & Road Forum for International Cooperation* and *the 6th China International Import Expo (CIIE)*. Locally, we played an active role in fostering economic and social ties between China and Europe by uniting the Chinese and European peers through local chamber of commerce.

2024 marks the 40th anniversary of ICBC Group. As the group's local entity serving the European Union, ICBC (Europe) S.A. is dedicated to advancing the group's internationalization efforts, strengthening economic and trade exchanges between China and the European Union, and enhancing the strategic partnership between China and Europe. This growing partnership gives us confidence in steering the Bank towards a more successful future and in our capability to reward the consistently supportive shareholders.



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Ms. LI Li  
Chairwoman of the Board of Directors  
Luxembourg, May 2024

**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 2023  
(with report of the *réviseur d'entreprises agréé* thereon)**

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

**Management Report**

**For the year ended 31 December 2023**

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 2023.

As of 31 December 2023, the Bank registered and headquartered in Luxembourg has six Branches in Paris, Amsterdam (with a sub-branch in Rotterdam), Brussels (with a sub-branch in Antwerp), Milan (with a sub-branch in Rome), Madrid (with a sub-branch in Barcelona) and Warsaw (collectively "the Branches"), and has a Representative Office in Athens.

Financial review

The total assets reached EUR 5,074,702,419 as of 31 December 2023, of which an amount of EUR 2,317,403,094 corresponds to Loans and advances to customers, and an amount of EUR 946,884,222 corresponds to Loans and advances to credit institutions.

The total liabilities as of 31 December 2023 amount to EUR 5,074,702,419 of which EUR 1,770,597,559 are Amounts owed to credit institutions and EUR 2,571,886,520 are Amounts owed to customers. The Bank's total share capital amounts to EUR 437,432,880, which represents 36,452,740 shares at a par value of EUR 12 as of 31 December 2023. During the year 2023, the Bank did not acquire any of its own shares and had no specific activities in the field of research and development.

The key movement in the balance sheet as at year-end 2023 compared to prior year is mainly characterized by the overall decrease in Cash, balances with central banks and post office banks by EUR 1,565,475,743, that is followed mainly by the decrease in Amounts owed to customers by EUR 1,375,962,526.

The Bank generated a profit for the financial year 2023 of EUR 25,695,140 compared to prior year loss of EUR 147,706,626. The profit for the financial year 2023 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 amounts to 0.51% as of end of December 2023 (2022: -2.00%).

Key Business Operations

The Bank is fulfilling its mission to serve China-EU cross-border financial demand and communication. The principal business activities of the Bank during the year of 2023 are represented by corporate banking, bond underwriting and investment banking business, cash management, fixed-income investment, money markets and foreign exchange operations, deposit taking and remittance operations, and Renminbi (CNY) related business. In 2023, the

## Management Report

Bank was preparing new financing instruments by establishing in July 2023 an EMTN programme for enhancing its long tenor liability.

In 2023, the Bank and its Branches continued to explore local business opportunities and served the financial demands of entities with Chinese background. The Bank has continued offering services to its customer base in banks and non-bank financial institutions during the year 2023 in various business lines such as loans, trade refinancing, bond issuance underwriting, money market and FX. The Bank and its Branches continued the TLTRO project promoted by BCL through the syndicated way in order to reduce funding costs.

In line with its strategy, the Bank recruited candidates from the European market in 2023 to benefit from relevant local skills, knowledge and experience for its activities. Moreover, the Bank recruited interns from business schools and universities to contribute in its social role towards the community and society in which it operates.

### ✧ Risk Management System

In 2023, the Bank continued to invest significant resources in order to strengthen its enterprise risk management framework with a specific focus on its governance and procedural framework, interest risks for banking book ("IRRBB") framework and model and on risk management framework. The Bank successfully established a healthier and more sustainable asset structure compared to prior year and achieved satisfactory results with regard to better asset quality, consolidated capital management, stable liquidity management, and profit-generating capability.

Following the increased volatility of interest rate levels on international markets in 2022, the Bank continued monitoring the evolution of its IRRBB on a monthly basis during 2023. The Bank also continued measuring the IRRBB on the earnings perspective, complementary to the net interest income (NII) perspective during 2023, 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, that considers the actual observations of interest rate variation as stress factors. 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. In 2024, the Bank will be finalising its action to fully address the observations and recommendations received from the CSSF as a result of the on-site inspection. Throughout 2023, the Bank did not breach any of the regulatory thresholds on IRRBB.

In 2023, 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.

## Management Report

At the end of 2023, the Capital adequacy ratio was 21.16%, 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 2023, the Bank's Non-performing loans (NPL) ratio was 0.18%, 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 were allocated EUR 3mio by the end of year 2023 to mitigate credit risk. The Bank's bond investments are in line with the annual bond investment strategy. By 31 December 2023, all credit risk limits were compliant with the risk limits plan.

For market risk, the Bank issued the 2023 Annual Plan for the Market Risk Limit Management in the Trading Book. At the end of 2023, 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 376.04% and the NSFR was 119.64%, 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 16.60mio and EUR -30.06mio 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 -30.19mio. The decreases resulting from these tests equal respectively -4.58% and -6.62% of the Bank's own funds/CET1 capital. The "Enhanced Stress Test" computation shows a decrease of the Bank's Economic Value of Equity of EUR -39.44mio. As far as NII results are concerned, the results of the regulatory parallel stress test show respectively an increase of EUR 0.65mio in the case of a parallel shock down / a decrease of EUR -4.19mio in the case of a parallel shock up (including the option risk valuation of respectively EUR -0.84mio and -1.21mio), while the worst result of the additional scenarios (being the Flattener) shows a result EUR -5.66mio. In terms of earnings, the test results in an increase of EUR 36.92mio and a decrease of EUR -37.58mio 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 36.27mio / EUR -33.39mio).

## Management Report

In respect of operational risk, the Bank has updated its limits and warning values of operational risk appetite of 2023, 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 2023 will be published on the Bank's website during 2024: <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 risk, in 2023, the Bank further enhanced its AML&CTF framework and risk assessment, and has closely coordinated a comprehensive corporate governance project to ensure compliance with the latest regulatory developments.

The European Chief Compliance Officer (the "ECCO") has completed the structural aspect of the compliance function transformation initiated in 2019, laying down the basis for the function to further progress in a business-as-usual mode.

On this basis, the compliance function has continued developing its training program, compliance risk assessment, and compliance monitoring framework, and oversight of Branches. This was made possible through the further strengthening of its oversight function at headquarters, the enhancement of compliance tools management, of normative documentation designing and updating, and enhancement of management information. In 2024, the Bank and the compliance function will continue to further improve the corporate governance and compliance framework, namely focusing on risk assessment, control and reporting, as well as compliance digital transition.

With regard to ICT risk, the Bank established a framework for the management of ICT risk and pays high attention to prevent ICT risks, as it has been identified by the ECB and the CSSF as a major risk in the banking industry.

## Management Report

### ✧ **ESG considerations**

In 2023, 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, and is refining its double materiality assessment to take social and governance factors into account in its annual ESG reporting as well to ensure its regulatory compliance on ESG matters. The Bank will continue financing the transition to a low carbon economy in Europe, and capture new growth opportunities in ESG linked loan business.

### ✧ **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 2023 annual accounts and financial reports according to the applicable laws and regulations.

### ✧ **Allocation of results**

No dividend has been paid during 2023 and the Authorized Management proposes that no dividend will be paid during 2024 for the year ended 31 December 2023. As required by Luxembourg law, the Bank keeps a legal reserve. The Authorized Management proposes to allocate the profit of the financial year 2023 to the Result brought forward after deducting 5% proportion for the legal reserve.

### ✧ **Significant events**

The following significant events took place during the financial year 2023:

To comply with requirements, during 2023, 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 2023 that would materially affect the Annual Accounts and related disclosures for the year ended 31 December 2023.

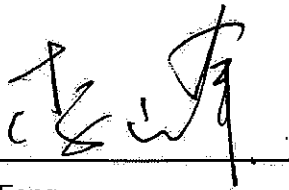
**Management Report**

◇ **The forecasts for 2024**

Apart from general challenges from the financial markets, the macroeconomic situation in the European Union and potential development of inflation and ECB and FED interest base rates, the conflicts in Ukraine, the Middle East and the Red Sea Region and related potential price fluctuations and negative impact on supply chains of products, pre-products, commodities, energy and natural resources could have long lasting effects on the economic situation in the European Union for the whole year 2024. On the date of this report, the effect of the aforementioned factors on the Bank's business for the whole year 2024 is still uncertain. In case of on-going uncertainties and potential volatility for the whole year 2024 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, managing potential risks.

In 2024, 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 business development trend, enhancing customer service capability focusing on services of corporate banking, financial markets, cross-border RMB, and green finance, elevating regional management capability, especially focusing on middle and back-office centralization, capital structure optimization, and regional integration, as well as accelerating ESG management improvement, such as ESG database construction.

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



LI Feng  
Deputy General Manager

Luxembourg, 28 March 2024

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, 2023 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, 2023 and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

#### *Basis for Opinion*

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

## **Key Audit Matters**

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

### Valuation of loans and advances to customers and related disclosure

- a) Why the matter was considered to be one of most significance in our audit of the annual accounts for the year ended December 31, 2023

The loans and advances to customers at year-end amounted to EUR 2,317,403,094. These loans are recorded at acquisition cost and the Bank establishes specific provisions for doubtful loans (EUR 8.65 million as at December 31, 2023). Certain aspects of the accounting for loan losses require significant judgement from 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 of 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.

# Deloitte.

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 observed 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, related safeguards.

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

## Report on Other Legal and Regulatory Requirements

We have been appointed as *réviseur d'entreprises agréé* by the General Meeting of the Board of Directors on November 15, 2023, and the duration of our uninterrupted engagement, including previous renewals and reappointments, is three 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 28, 2024

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

**Balance Sheet**  
As of 31 December 2023  
(expressed in EUR)

<u>Assets</u>	Notes	<u>31.12.2023</u>	<u>31.12.2022</u>
Cash, balances with central banks and post office banks	3	453,072,036	2,018,547,779
<b>Treasury bills and other bills eligible for refinancing with central banks</b>	3, 4	<b>589,427,842</b>	<b>655,781,591</b>
- Treasury bills		380,741,167	372,878,080
- Other bills eligible for refinancing with central banks		208,686,675	282,903,511
<b>Loans and advances to credit institutions</b>	3, 6	<b>946,884,222</b>	<b>888,843,669</b>
a) repayable on demand		197,975,639	375,366,752
b) other loans and advances		748,908,583	513,476,917
<b>Loans and advances to customers</b>	3	<b>2,317,403,094</b>	<b>2,975,427,745</b>
<b>Debt securities and other fixed-income securities</b>	3, 4	<b>689,295,378</b>	<b>787,316,476</b>
- issued by public bodies		161,810,697	161,276,979
- issued by other borrowers		527,484,681	626,039,497
<b>Shares and other variable-yield securities</b>	3, 4	<b>10,683,368</b>	<b>15,801,488</b>
<b>Intangible assets</b>	5	<b>34,298</b>	<b>65,624</b>
<b>Tangible assets</b>	5	<b>25,214,431</b>	<b>25,729,168</b>
<b>Other assets</b>	7	<b>4,565,639</b>	<b>2,903,621</b>
<b>Prepayments and accrued income</b>	6, 8	<b>38,122,111</b>	<b>33,131,135</b>
<b>Total assets</b>	9	<b><u>5,074,702,419</u></b>	<b><u>7,403,548,296</u></b>

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 2023

(expressed in EUR)

<u>Liabilities</u>	Notes	<u>31.12.2023</u>	<u>31.12.2022</u>
<b>Amounts owed to credit institutions</b>	3, 6	<b>1,770,597,559</b>	<b>2,761,981,943</b>
a) repayable on demand		198,830,847	211,127,507
b) with agreed maturity dates or periods of notice		1,571,766,712	2,550,854,436
<b>Amounts owed to customers</b>	3	<b>2,571,886,520</b>	<b>3,947,849,046</b>
a) repayable on demand		1,758,125,197	2,457,605,446
b) with agreed maturity dates or periods of notice		813,761,323	1,490,243,600
<b>Other liabilities</b>	7	<b>7,305,236</b>	<b>8,481,695</b>
<b>Accruals and deferred income</b>	6, 8	<b>64,618,187</b>	<b>55,717,471</b>
<b>Provisions</b>	12	<b>25,493,813</b>	<b>20,412,177</b>
a) provisions for taxation		7,981,682	4,284,481
b) other provisions		17,512,131	16,127,696
<b>Subordinated liabilities</b>	3	<b>200,000,000</b>	<b>200,000,000</b>
<b>Subscribed capital</b>	10	<b>437,432,880</b>	<b>437,432,880</b>
<b>Reserves</b>	11	<b>7,884,416</b>	<b>7,884,416</b>
<b>Profit/(Loss) brought forward</b>	11	<b>(36,211,332)</b>	<b>111,495,294</b>
<b>Profit/(Loss) for the financial year</b>	11	<b>25,695,140</b>	<b>(147,706,626)</b>
<b>Total liabilities</b>	9	<b><u>5,074,702,419</u></b>	<b><u>7,403,548,296</u></b>

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 2023  
(expressed in EUR)

<b><u>Off balance sheet</u></b>	<b>Notes</b>	<b><u>31.12.2023</u></b>	<b><u>31.12.2022</u></b>
<b>Contingent liabilities</b>	3, 22	<b>310,866,531</b>	<b>372,786,263</b>
<b>Commitments</b>			
Undrawn credit facilities	3, 22	1,316,570,151	1,445,490,255

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 2023  
(expressed in EUR)

	Notes	<u>31.12.2023</u>	<u>31.12.2022</u>
<b>Interest receivable and similar income</b>	14	215,596,010	129,221,525
<u>of which:</u>			
<i>- arising from fixed-income transferable securities</i>		27,231,393	29,521,482
<b>Interest payable and similar charges</b>	14	(184,287,371)	(83,392,836)
<b>Participating interest</b>		---	20,468
<b>Commission receivable</b>		41,411,789	28,800,924
<b>Commission payable</b>	15	(8,706,358)	(5,714,015)
<b>Net profit or net loss on financial operations</b>	16	(13,228,752)	(7,175,302)
<b>Other operating income</b>	18	14,660,947	9,497,974
<b>General administrative expenses</b>		(75,888,560)	(70,550,276)
a) staff costs	19	(54,882,049)	(52,860,282)
<u>of which:</u>			
<i>- wages and salaries</i>		(39,014,596)	(36,948,853)
<i>- social security costs</i>		(9,626,178)	(9,869,895)
b) other administrative expenses		(21,006,511)	(17,689,994)
<b>Value adjustments in respect of tangible and intangible assets</b>	5	(627,069)	(757,560)
<b>Other operating charges</b>	18	(5,337,351)	(6,047,923)
<b>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</b>	3	(3,399,831)	(148,002,981)
<b>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</b>		50,712,264	9,548,923
<b>Value adjustments in respect of transferable securities held as financial fixed assets, participating interests and shares in affiliated undertakings</b>		(285,134)	(916,424)
<b>Value re-adjustments in respect of transferable securities held as financial fixed assets, participating interests and shares in affiliated undertakings</b>		838,725	33,229
<b>Tax on profit on ordinary activities</b>		(5,764,169)	(2,272,353)
<b>Profit/(Loss) on ordinary activities after tax</b>		<u>25,695,140</u>	<u>(147,706,626)</u>
<b>Profit/(Loss) for the financial year</b>		<u>25,695,140</u>	<u>(147,706,626)</u>

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 2023

**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 2023, the Bank registered in Luxembourg has six Branches located in Amsterdam (with a sub-branch in Rotterdam), Brussels (with a sub-branch in Antwerp), Madrid (with a sub-branch in Barcelona), Milan (with a sub-branch 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.

**Notes to the annual accounts (continued)**  
As of 31 December 2023

**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 2023

**Note 2 – Summary of significant accounting policies (continued)**

***Terms of assets and liabilities***

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

***Loans and advances***

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

***Amounts payable***

Amounts payables are recorded under liabilities at their reimbursement amount.

***Transferable securities***

Fixed income transferable securities

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

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

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

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

**Notes to the annual accounts (continued)**

As of 31 December 2023

**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 2023

**Note 2 – Summary of significant accounting policies (continued)**

***Transferable securities (continued)***

**Fixed income transferable securities (continued)**

*For the structural portfolio:*

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

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

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

**Sale and repurchase agreements**

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

**Shares and other variable-yield securities**

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

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

**Notes to the annual accounts (continued)**

As of 31 December 2023

**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 2023 and 2022, the per annum rate used is as follows:

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

***Provisions***

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

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

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

**Notes to the annual accounts (continued)**  
As of 31 December 2023

**Note 2 – Summary of significant accounting policies (continued)**

***Provisions (continued)***

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

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

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

***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".

***Financial instruments***

Valuation of foreign exchange swap transactions

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

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

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

**Notes to the annual accounts (continued)**  
As of 31 December 2023

**Note 2 – Summary of significant accounting policies (continued)**

***Financial instruments (continued)***

Valuation of foreign exchange forward transactions

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

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

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.

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

**Notes to the annual accounts (continued)**  
As of 31 December 2023

**Note 3 – Financial instrument disclosures**

Information on primary non-trading financial instruments

As at 31 December 2023, 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
<b>Financial assets</b>					
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
<b>Total financial assets</b>	<b>1,474,571,636</b>	<b>742,877,271</b>	<b>2,306,863,694</b>	<b>482,453,339</b>	<b>5,006,765,940</b>

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 2023

**Note 3 – Financial instrument disclosures (continued)**

At carrying amount in EUR	≤ 3 months	>3 months ≤ 1 year	>1 year ≤ 5 years	>5 years	Total
<b>Financial liabilities</b>					
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
<b>Total financial liabilities</b>	<b>1,914,009,206</b>	<b>625,945,461</b>	<b>1,802,529,412</b>	<b>200,000,000</b>	<b>4,542,484,079</b>
<b>Off balance sheet</b>					
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
	<b>47,588,746</b>	<b>432,429,541</b>	<b>1,056,457,233</b>	<b>90,961,162</b>	<b>1,627,436,682</b>

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

**Subordinated liabilities**

The following borrowings represent 100% of the total amount EUR 200,000,000 of subordinated liabilities as at year-ends 2023 and 2022.

The Bank has incurred charges of EUR 7,747,036 (2022: EUR 1,282,948) during the financial year with respect to its subordinated liabilities.

Subordinated loan agreement between the Bank and the ICBC Limited.

Drawdown date	Maturity	Maturity date	Currency	Amount of borrowing	Rate of Interest
28 April 2021	10 years	28 April 2031	EUR	50 million	6M Euribor +90bps
1 July 2021	10 years	1 July 2031	EUR	50 million	6M Euribor +65bps
24 September 2021	10 years	24 September 2031	EUR	50 million	CCS 6M Euribor +fixed points against 3M SOFR +80bps
20 December 2021	10 years	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 to a certain extent.

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

**Notes to the annual accounts (continued)**

As of 31 December 2023

**Note 3 – Financial instrument disclosures (continued)**

Information on primary non-trading financial instruments (continued)

As at 31 December 2022, 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
<b>Financial assets</b>					
Cash, balances with central banks and post office banks	2,018,547,779	---	---	---	2,018,547,779
Treasury bills and other bills eligible for refinancing with central banks	85,342,119	23,767,609	402,869,259	143,802,604	655,781,591
Loans and advances to credit institutions	506,019,742	121,882,618	260,941,309	---	888,843,669
Loans and advances to customers	176,327,713	548,145,692	1,885,367,637	365,586,703	2,975,427,745
Debt securities and other fixed-income securities	9,195,397	94,633,117	634,991,243	48,496,719	787,316,476
Shares and other variable-yield securities	---	---	691,488	15,110,000	15,801,488
<b>Total financial assets</b>	<b>2,795,432,750</b>	<b>788,429,036</b>	<b>3,184,860,936</b>	<b>572,996,026</b>	<b>7,341,718,748</b>

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

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

**Notes to the annual accounts (continued)**  
As of 31 December 2023

**Note 3 – Financial instrument disclosures (continued)**

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

As at 31 December 2022, 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 2023

**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 2023 and 2022, 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 2023 (in EUR)					Total notional amount	Fair value
	≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 5 years	> 5 years		
Foreign exchange swaps	592,620,834	---	---	---	592,620,834	(605,579)
<b>Total</b>	<b>592,620,834</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>592,620,834</b>	<b>(605,579)</b>

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

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.

**Notes to the annual accounts (continued)**  
As of 31 December 2023

**Note 3 – Financial instrument disclosures (continued)**

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

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

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

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

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

As at 31 December 2023, 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 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)
<b>Total</b>	---	---	---	20,000,000	20,000,000	(1,131,666)

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

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

**Notes to the annual accounts (continued)**

As of 31 December 2023

**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 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
<b>Total</b>	<b>6,170,447,220</b>	<b>2,602,996,463</b>	<b>3,567,450,757</b>

(\*) Collaterals are mainly composed of intergroup guarantees.

During 2023, 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 3,399,831 (2022: EUR 35,306,041).

The total balance of provisions as of 31 December 2023 for Loans and advances and off balance sheet exposures amount to EUR 11,091,574 (2022: EUR 44,401,447).

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.

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**Notes to the annual accounts (continued)**

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

(\*) Collaterals are mainly composed of intergroup guarantees.

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

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**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 2023 and 2022, 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:

<b>Carrying amount</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
	<b>EUR</b>	<b>EUR</b>
<b>Financial assets</b>		
By instrument class and geographic location		
<b>Loans and advances to credit institutions</b>	<b>946,884,222</b>	<b>888,843,669</b>
<i>of which non-EU member countries</i>	<i>165,413,108</i>	<i>291,276,090</i>
<b>Loans and advances to customers</b>	<b>2,317,403,094</b>	<b>2,975,427,745</b>
<i>of which non-EU member countries</i>	<i>210,321,266</i>	<i>217,364,086</i>
<b>Transferable securities</b>	<b>1,278,723,220</b>	<b>1,443,098,067</b>
<i>of which non-EU member countries</i>	<i>553,599,418</i>	<i>637,748,800</i>
<b>Total</b>	<b>4,543,010,536</b>	<b>5,307,369,480</b>
<i>of which non-EU member countries</i>	<i>929,333,792</i>	<i>1,146,388,976</i>

**Notes to the annual accounts (continued)**  
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**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

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**Note 4 – Transferable securities**

Transferable securities other than shares and other variable-yield securities

As at 31 December 2023 and 2022, the listed securities breakdown by portfolio classification is as follows:

	<b>31.12.2023</b>	<b>31.12.2022</b>
	<b>EUR</b>	<b>EUR</b>
Investment portfolio	196,012,925	145,478,743
Structural portfolio	1,082,710,295	1,297,619,324
	<b><u>1,278,723,220</u></b>	<b><u>1,443,098,067</u></b>

As at 31 December 2023, debt securities and other fixed-income securities and treasury bills in the investment portfolio are held for their investment return.

As at 31 December 2023, 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 394,201,141 (2022: EUR 212,648,232).

As at 31 December 2023, the cumulative amortization of premiums/discounts on these securities amounts to EUR 14,360,281 (2022: EUR 15,780,782) and the portion of the premiums/discounts not yet amortized amounts to EUR 1,554,864 (2022: EUR 12,494,872).

As at 31 December 2023, the market value of the securities held by the Bank amounts to EUR 1,265,926,828 (2022: EUR 1,428,715,100).

The lower of amortised cost or market value of the securities held by the Bank which includes also the cumulative amortisation of premiums/discounts amounts to EUR 1,278,723,220 (2022: EUR 1,443,098,067).

The lower of amortised cost or market value provision of the securities held by the Bank amounts to EUR 63,371,597 (2022: EUR 104,904,720).

The Bank has entered into transactions based on firm agreements to sell and repurchase assets for an amount of EUR 91,000,000 (2022: EUR 91,000,000). As at 31 December 2023, the value of financing obtained by the Bank under such agreements is EUR 77,000,000 (2022: EUR 77,000,000).

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**Notes to the annual accounts (continued)**  
As of 31 December 2023

**Note 4 – Transferable securities (continued)**

Quoted shares and other variable-yield securities

As at 31 December 2023 and 2022, the listed shares breakdown is as follows:

	<b>31.12.2023</b>	<b>31.12.2022</b>
	<b>EUR</b>	<b>EUR</b>
Quoted shares	9,927,868	691,488
Other variable-yield securities (UCITS)	755,500	15,110,000
	<b><u>10,683,368</u></b>	<b><u>15,801,488</u></b>

The quoted shares held by the Bank as at 31 December 2023 have been received as loan settlement for a client who has undergone financial restructuring. The quoted shares held by the Bank as at 31 December 2022 have been fully disposed of in financial year 2023.

As at 31 December 2023 and 2022, 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 2023, the market value of other variable-yield securities held by the Bank amounts to EUR 873,185 (2022: EUR 17,529,669). As at 31 December 2023 cost of the shares at acquisition amounted to EUR 755,500 (2022: EUR 15,110,000), resulting in an unrealised gain of EUR 117,685 (2022: unrealised gain of EUR 2,419,669).

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Note 5 – Movements in fixed assets

(In EUR)	Gross value at the beginning of the year	Additions	Disposals / Maturity	Revaluation effect (1)	Gross value at the end of the year	Cumulative value adjustments at the beginning of the year	Adjustments / additions (2)	Disposals / Maturity (3)	Revaluation effect (1)	Cumulative value adjustments at the end of the year (1) (2)	Net book value at the end of the year
Debt securities (investment portfolio)	145,836,330	103,494,570	(52,920,108)	---	196,410,792	(357,587)	(40,280)	---	---	(397,867)	196,012,925
Intangible assets (4)	717,059	20,400	(6,553)	---	730,906	(651,435)	(31,392)	(13,696)	(85)	(696,608)	34,298
Tangible assets:	37,794,387	147,553	(172,925)	21,831	37,790,846	(12,065,219)	(595,677)	123,729	(39,247)	(12,576,415)	25,214,431
- land and building (5)	25,928,648	---	---	---	25,928,648	(1,943,143)	(211,508)	(9,568)	---	(2,164,219)	23,764,429
- technical equipment and machinery	4,696,521	147,553	(172,925)	(13,244)	4,657,905	(4,264,869)	(176,711)	133,297	---	(4,308,283)	349,622
- other fixtures and fittings, tools and equipment	7,169,218	---	---	35,075	7,204,293	(5,857,208)	(207,458)	---	(39,247)	(6,103,913)	1,100,380

(1) Including FX impact

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

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

(4) Representing computer software

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

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**Notes to the annual accounts (continued)**  
As of 31 December 2023

**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 2023 and for the year then ended.

As at 31 December 2023 and 2022, the following main balances with related parties are included on the assets side of the balance sheet:

	<b>31.12.2023</b>	<b>31.12.2022</b>
	<b>EUR</b>	<b>EUR</b>
Loans and advances to credit institutions	646,937,585	557,042,818
Debt securities and other fixed-income securities	98,520,958	107,757,629
Prepayments and accrued income	4,953,963	220,119
	<b>750,412,506</b>	<b>665,020,556</b>

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

	<b>31.12.2023</b>	<b>31.12.2022</b>
	<b>EUR</b>	<b>EUR</b>
Amounts owed to credit institutions	1,570,160,927	2,416,082,674
Accruals and deferred income	11,885,531	5,973,875
Subordinated liabilities	200,000,000	200,000,000
	<b>1,782,046,458</b>	<b>2,622,056,579</b>

As at 31 December 2023 and 2022, the following main balances with related parties are included on the off balance sheet:

	<b>31.12.2023</b>	<b>31.12.2022</b>
	<b>EUR</b>	<b>EUR</b>
Contingent liabilities	11,278,741	28,125,391
	<b>11,278,741</b>	<b>28,125,391</b>

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**Notes to the annual accounts (continued)**  
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**Note 6 – Related parties balances (continued)**

The profit and loss account also has balances with related parties in 2023, including the following captions:

- Interest receivable and similar income for EUR 12.9 mio (2022: EUR 8.5 mio)
- Interest payable and similar charges for EUR 80.5 mio (2022: EUR 27.8 mio)
- Commission receivable for EUR 19.5 mio (2022: EUR 10.0 mio)
- Commission payable for EUR 7.4 mio (2022: EUR 4.3 mio)
- Other operating income for EUR 11.4 mio (2022: EUR 8.9 mio)
- Other operating charges for EUR 1.4 mio (2022: EUR 2.2 mio)

**Note 7 – Other assets and other liabilities**

As at 31 December 2023 and 2022, “Other assets” are as follows:

	<b>31.12.2023</b>	<b>31.12.2022</b>
	<b>EUR</b>	<b>EUR</b>
Tax reimbursement (VAT)	163,272	103,260
Transitory/clearing accounts	1,091,080	454,580
Other accounts receivable	3,311,288	2,345,781
	<b>4,565,639</b>	<b>2,903,621</b>

As at 31 December 2023 and 2022, “Other liabilities” are as follows:

	<b>31.12.2023</b>	<b>31.12.2022</b>
	<b>EUR</b>	<b>EUR</b>
Preferential creditors	4,752,804	4,927,362
Transitory accounts	598,170	1,277,318
Suspense remittance	1,714,898	2,214,918
Other/clearing accounts	239,364	62,096
	<b>7,305,236</b>	<b>8,481,694</b>

The suspense item in amount of EUR 1,714,898 (2022: EUR 2,214,918) represents pending customers’ remittance.

The preferential creditors position amounts to EUR 4,752,804 (2022: EUR 4,927,362) is mainly reflecting tax and social security related liabilities.

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As of 31 December 2023

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

As at 31 December 2023 and 2022, prepayments and accrued income are as follows:

	<b>31.12.2023</b>	<b>31.12.2022</b>
	<b>EUR</b>	<b>EUR</b>
Accrued interest receivable and similar income	21,638,770	21,444,892
Tax advance payments	9,240,118	9,549,314
Accrued fees receivable	3,561,108	1,859,907
Neutralization of treasury FX swap	3,452,374	158,985
Other prepaid expenses	229,741	118,037
	<b>38,122,111</b>	<b>33,131,135</b>

As at 31 December 2023 and 2022, accruals and deferred income are as follows:

	<b>31.12.2023</b>	<b>31.12.2022</b>
	<b>EUR</b>	<b>EUR</b>
Accrued interest payable and similar charges	26,893,633	17,313,348
Other deferred income fees and commissions	17,709,757	19,362,604
Cumulative amortization of premiums on transferable securities	16,329,233	17,771,374
Treasury FX swap discount spread pro-rata	2,655,856	597,222
Accrued fees payable	1,029,708	672,924
	<b>64,618,187</b>	<b>55,717,471</b>

**Note 9 – Foreign currency assets and liabilities**

As at 31 December 2023, the aggregate amount of the Bank's assets and liabilities denominated in foreign currencies, translated into EUR is equivalent to respectively EUR 1,105,910,545 and EUR 1,279,351,430 (2022: assets EUR 1,777,611,100 and liabilities EUR 1,920,120,007).

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**Note 10 – Subscribed capital**

As of 31 December 2023, the fully paid up capital of the Bank amounts to EUR 437,432,880 (2022: EUR 437,432,880) and is represented by 36,452,740 (2022: 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
<b>Balance at the beginning of the year</b>	7,884,416	111,495,294	(147,706,626)
Allocation of 2022 Profit / (Loss) (1)	---	(147,706,626)	147,706,626
Profit / (Loss) for the year ended 31 December 2023	---	--	25,695,140
<b>Total</b>	<u>7,884,416</u>	<u>(36,211,332)</u>	<u>25,695,140</u>

(1) The Annual Shareholders' Meeting dated 31.05.2023 approved the appropriation of the 2022 result.

Legal reserve

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

Other reserves

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

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**Note 12 – Provisions**

Provisions for taxation

The Bank is subject to tax in Luxembourg, as well as, in the countries where its branches are operating. The Bank is liable to taxes on income and net assets. Tax liabilities are recorded under "Provisions for taxation" in the balance sheet. As at 31 December 2023, the provisions for taxation amount to EUR 7,981,682 (2022: EUR 4,284,480). Tax advances are recorded under "Prepayments and accrued income" in the balance sheet at amount of EUR 9,240,118 (2022: EUR 9,549,314) (ref Note 8).

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

In December 2023, the Luxembourg Parliament transposed in domestic law the COUNCIL DIRECTIVE (EU) 2022/2523 which aims to ensure a 15% minimum tax rate for certain multinational groups and large-scale domestic groups in the European Union (hereafter the Pillar Two Law). The Pillar Two Law enters into force as from fiscal years starting on or after 31 December 2023. On the date of this report, management keeps assessing the potential impact of the Pillar Two Law on its future financial performance.

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 2023, 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 2023, "Other provisions" is composed of the provision for wages, salaries and social security cost for an amount of EUR 16,916,028 (2022: EUR 14,115,718), pending litigation for an amount of EUR 2,344 (2022: EUR 2,344), other provisions mainly regarding off-balance sheet operations of EUR 593,759 (2022: EUR 2,006,980).

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**Notes to the annual accounts (continued)**  
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**Note 13 – Deposit guarantee scheme**

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

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

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

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

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

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

As at 31 December 2023, the 2023 cash contribution for FGDL was recorded in the caption “Other operating charges” for an amount of EUR 19,855 (2022: EUR 6,377).

Additionally, the 2023 FRL contribution for an amount of EUR 3,534,342 was paid by the Bank and recorded in the caption “Other operating charges” (2022: EUR 3,661,380).

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**Note 14 – Interest receivable and interest payable**

Interest receivable and similar income

<b>Derived from:</b>	<b>2023</b>	<b>2022</b>
	<b>EUR</b>	<b>EUR</b>
Loans and advances	172,628,669	92,931,834
Treasury bills and Debt securities (including discount amortization)	27,231,393	29,521,482
Impact of negative interest received for liability positions	27,187	3,151,767
Cash with central banks	15,708,761	3,616,442
	<b>215,596,010</b>	<b>129,221,525</b>

Interest payable and similar charges

<b>Derived from:</b>	<b>2023</b>	<b>2022</b>
	<b>EUR</b>	<b>EUR</b>
Amounts owed to credit institutions	101,054,459	38,400,370
Treasury bills and Debt securities (premium amortisation)	5,958,273	8,921,083
Amounts owed to customers	76,716,063	32,449,400
Cash with central banks (negative interest)	--	1,757,450
Impact of negative interest paid for asset positions	21,254	1,194,679
Others	537,322	463,639
Discount of treasury FX swaps	---	206,215
	<b>184,287,371</b>	<b>83,392,836</b>

**Note 15 – Commission receivable and payable**

Commission receivable is mainly related to arrangement and commitment fees.

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

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**Notes to the annual accounts (continued)**  
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**Note 16 – Net result on financial operations**

As of 31 December 2023 and 2022, the net result on financial operations is as follows:

	<b>2023</b>	<b>2022</b>
	<b>EUR</b>	<b>EUR</b>
	<hr/>	<hr/>
Net result on financial operations		
- thereof bonds	(5,402,748)	(2,301,267)
- thereof FX effects	(1,223,026)	134,573
- thereof derivative financial instruments	(9,078,544)	(5,008,608)
- thereof shares and other variable-yield securities	2,475,566	-
	<hr/>	<hr/>
<b>Total</b>	<b>(13,228,752)</b>	<b>(7,175,302)</b>
	<hr/>	<hr/>

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 (57%) and non-European Union Member States 23% (mainly P.R. China (1%) and Hong Kong Special Administrative Region of the People's Republic of China (0.2%)).

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**Note 18 – Other operating income and other operating charges**

As at 31 December 2023 and 2022, "Other operating income" is as follows:

	<b>2023</b>	<b>2022</b>
	<b>EUR</b>	<b>EUR</b>
Shared services	11,436,737	8,731,209
Other	1,843,681	601,918
VAT reimbursement	1,380,529	164,847
<b>Total</b>	<b>14,660,947</b>	<b>9,497,974</b>

As of 31 December 2023, "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 11,436,737 (2022: EUR 8,936,684).

As at 31 December 2023 and 2022, "Other operating charges" are as follows:

	<b>2023</b>	<b>2022</b>
	<b>EUR</b>	<b>EUR</b>
FGDL / FRL	3,554,198	3,667,757
Shared services	1,416,387	2,198,432
Other	366,766	181,734
<b>Total</b>	<b>5,337,351</b>	<b>6,047,923</b>

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 1,416,387 (2022: EUR 2,198,432).

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**Note 19 – Staff and Management**

Staff

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

	<u>2023</u>	<u>2022</u>
Senior Management	5	4
Management	31	31
Employees	317	328
<b>Total</b>	<b><u>353</u></b>	<b><u>363</u></b>

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 2023 and 2022, 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 (2022: none).

The fixed remuneration including all allowances (housing, expatriating etc.) for the Senior Management in the financial year 2023 amounts to EUR 1,126,369 (2022: EUR 1,286,388). In 2023, the remuneration of EUR 336,717 was granted to the members of the Board of Directors (2022: EUR 312,000).

**Note 20 – Management and representative services**

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

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**Notes to the annual accounts (continued)**  
As of 31 December 2023

**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:

	2023 EUR	2022 EUR
Audit fees	374,666	363,736
Audit-related fees	18,819	88,796
	<b>393,486</b>	<b>452,532</b>

**Note 22 – Contingent liabilities and Commitments**

Contingent liabilities

As at 31 December 2023, contingent liabilities consist of guarantees issued by the Bank for EUR 310,866,533 (2022: EUR 372,786,263).

Commitments

As at 31 December 2023, the Bank's commitments are mainly composed of undrawn credit facilities for EUR 1,316,570,151 (2022: EUR 1,445,710,255).

Other commitments

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

	2023 EUR	2022 EUR
No more than a year	5,601,068	4,204,695
More than a year and no more than five years	13,784,732	10,986,401
More than five years	2,541,128	2,387,584
	<b>21,926,928</b>	<b>17,578,680</b>

**Note 23 – Post balance sheet events**

No event has occurred subsequent to 31 December 2023 that would materially affect the annual accounts and related disclosures for the year ended 31 December 2023.