



BNP PARIBAS
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2024 Information Disclosure Report

BNP Paribas (China) Ltd.



<https://china.bnpparibas.com/>

Annual Information Disclosure Report 2024 of BNP Paribas (China) Ltd.

BNP Paribas (China) Limited
17/F, Shanghai Tower , No. 479, Lujiazui Ring Road, Shanghai, PRC
Tel:86 21 28962888 Fax:86 21 28962556

This report was prepared in accordance with the ‘Administrative Measures of Information Disclosure of Commercial Banks’

It is composed of the following contents:

I Basic Information of the Institution

II Financial Situation

III Risk Management

PART I: RISK SITUATION

**PART II: RISK MANAGEMENT
CAPABILITY**

IV Corporate Governance

V Annual Significant Events

VI Capital Adequacy Ratio Situation

VII Liability Quality Management

VIII Corporate Social Responsibility

I. Basic Information of the Institution

BNP Paribas (China) Limited is a wholly foreign-funded subsidiary bank solely owned by BNP Paribas S.A. and incorporated in the PRC in accordance with the PRC Company Law, the law of the PRC on Commercial Banks, the Regulation of the PRC for the Administration of Foreign-funded Banks, the Detailed Rules for Implementing the Regulation of the PRC on the Administration of Foreign-funded Banks and other applicable laws and regulations.

In 1992, BNP Paribas S.A. and Industrial and Commercial Bank of China (ICBC) established a joint stock bank – The International Bank of Paris and Shanghai. In 2003, the joint stock bank was transformed into a wholly foreign-funded bank and renamed to BNP Paribas (China) Limited.

Currently, according to the approval, BNP Paribas (China) Limited is headquartered at Room 1701-1708, 17 Floor and Room 1804-1807, 18 Floor, No. 479 Lujiazui Ring Road, Shanghai Pilot Free Trade Zone, and has three branches located in Beijing, Tianjin and Guangzhou.

Branch locations:

BNP Paribas (China) Limited Beijing Branch
2001, 20/F, China World Tower A,
1 Jianguomenwai Avenue,
Beijing 100004, P.R.C
Tel:+86 (10) 6535 0888
Fax:+86 (10) 6505 1704

BNP Paribas (China) Limited Tianjin Branch
Unit 1102, 11/F, Tower 2, The Exchange Tower,
189 Nanjing Road, Tianjin 300050, P.R.C
Tel: +86 (22) 2318 7000
Fax:+86 (22) 2330 3347

BNP Paribas (China) Limited Guangzhou Branch
RM10-11, 48/F, CTF Finance Centre,
No. 6 Zhujiang East Road, Tianhe District
Guangzhou 510623, P.R.C
Tel: +86 (20) 3813 9200
Fax:+86 (20) 3813 9201

The whistle blow and complaint phone number is: +86 21 2896 2529 (9:00-18:00, Monday through Friday).

The registered capital of BNP Paribas (China) Limited is RMB 8,711,347,906, with no change in 2024. Mr. Paul Yang had been appointed as the Chairman of the Board

of Directors and the Legal Representative of BNP Paribas (China) Limited and Mr. CG Lai had been appointed as Chief Executive of BNP Paribas (China) Limited.

According to the approval, the business scope of BNP Paribas (China) Limited is as follows: :

Banking business (including without limitation

1. Taking deposits from the public;
2. Granting short-term, medium-term and long-term loans;
3. Handling the acceptance and discounting of negotiable instruments;
4. Issuing and redeeming as an agent and underwriting government bonds;
5. Buying and selling government bonds, financial bonds and foreign currency denominated securities other than shares;
6. Providing letter of credit services and guarantees;
7. Handling domestic and overseas settlements;
8. Buying and selling foreign exchange and acting as an agent for purchase and sale of foreign exchange;
9. Acting as collection and payment agent as well as acting as an insurance agent;
10. Engaging in interbank lending;
11. Engaging in bank card business;
12. Providing safe deposit box services;
13. Providing creditworthiness investigations and consultancy services;
14. Other business approved by the Banking Regulatory and Supervisory Authority of the State Council.);

Securities investment fund custodian business;

Other business as approved by the relevant supervisor or other authority.

II. Financial Situation

BNP PARIBAS (CHINA) LIMITED

Audited Financial Statements

31 December 2024

Important Notice

The attached financial statements have been translated from the statutory financial statements prepared in accordance with Chinese accounting standards for business enterprises established in the People's Republic of China. In the event of any inconsistency between the Chinese and English versions, the Chinese version shall prevail.

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Auditors' Report

Ernst & Young Hua Ming (2025) Shen Zi No 70057548_B01
BNP PARIBAS (CHINA) LIMITED

To the Board of Directors of BNP PARIBAS (CHINA) LIMITED,

(I) Opinion

We have audited the financial statements of BNP Paribas (China) Limited (hereinafter referred to as "the Bank"), which comprise the balance sheet as at 31 December 2024, the income statement, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material aspects, the Bank's financial position as at 31 December 2024 and the Bank's financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises ("ASBEs").

(II) Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Bank in accordance with China Code of Ethics for Certified Public Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

(III) Responsibilities of the management and those charged with governance for the financial statements

The management of the Bank is responsible for the preparation and fair presentation of the financial statements in accordance with ASBEs, and for designing, implementing and maintaining such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the management either intends to liquidate the Bank or to cease operations or has no realistic alternative but to do so.

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

Auditors' Report (continued)

Ernst & Young Hua Ming (2025) Shen Zi No 70057548_B01
BNP PARIBAS (CHINA) Limited

(IV) Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are generally 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 financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) 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 internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

(i)

Auditors' Report (continued)

Ernst & Young Hua Ming (2025) Shen Zi No 70057548_B01
BNP PARIBAS (CHINA) Limited

**(IV) Auditor's responsibilities for the audit of the financial statements
(continued)**

- (5) Evaluate the overall presentation, including the disclosures, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Chen, Lijing

Ernst & Young Hua Ming LLP

Chinese Certified Public Accountant

Yang, Yiyang

Beijing, the People's Republic of China

Chinese Certified Public Accountant

April 11, 2025

BNP PARIBAS (CHINA) LIMITED
BALANCE SHEET
31 December 2024
(Unless otherwise stated, expressed in Renminbi Yuan)

ASSETS:	Note V	2024	2023
Cash and due from the Central bank	1	5,442,207,304.18	4,183,360,188.52
Precious metals		61,507,736.61	-
Deposits with banks and other financial institutions	2	691,312,607.59	1,108,939,045.37
Placements with banks and other financial institutions	3	6,040,912,636.27	6,752,408,252.12
Derivative financial assets	4	15,915,760,382.59	14,212,790,390.80
Financial assets purchased under resale agreements	5	1,441,208,893.53	-
Loans and advances	6	17,726,224,250.95	13,014,997,079.17
Financial investments:			
Held-for-trading financial assets	7	10,103,337,049.65	5,263,141,021.59
Debt investments	8	936,393,573.60	1,089,599,403.57
Other debt investments	9	8,457,171,587.15	8,674,692,775.79
Fixed assets	10	46,879,106.64	51,325,887.78
Right-of-use assets	11	110,433,605.48	114,638,396.69
Intangible assets	12	41,989,721.27	36,709,160.44
Deferred tax assets	13	193,417,052.55	226,659,766.71
Other assets	14	<u>4,037,252,898.14</u>	<u>3,269,694,281.41</u>
TOTAL ASSETS		<u>71,246,008,406.20</u>	<u>57,998,955,649.96</u>

The accompanying notes to financial statements form an integral part of these financial statements.

BNP PARIBAS (CHINA) LIMITED
BALANCE SHEET (continued)
31 December 2024
(Unless otherwise stated, expressed in Renminbi Yuan)

LIABILITIES	Note V	2024	2023
Due to the Central Bank	15	269,030,637.50	300,323,570.51
Due to banks and other financial institutions	16	5,309,076,143.51	3,301,152,268.03
Takings from other banks	17	231,736,763.84	1,256,978,719.84
Held-for-trading financial liabilities	18	-	557,431,746.51
Derivative financial liabilities	4	14,907,487,148.24	13,338,501,418.66
Financial assets sold under repurchase agreements	19	1,800,072,014.81	3,778,515,198.05
Customer deposits	20	26,604,354,442.35	18,555,096,321.36
Payable to employees	21	170,640,333.09	156,145,719.38
Tax payable	22	100,204,281.23	94,368,590.61
Bonds payable	23	7,333,350,012.18	4,107,694,271.54
Lease liabilities	24	133,873,544.98	135,594,833.00
Accrued liabilities	25	8,387,903.24	26,925,710.94
Other liabilities	26	<u>3,378,376,359.02</u>	<u>1,290,935,163.00</u>
TOTAL LIABILITIES		<u>60,246,589,583.99</u>	<u>46,899,663,531.43</u>
<u>SHAREHOLDERS' EQUITY:</u>			
Paid-in capital	28	8,711,347,906.00	8,711,347,906.00
Other Comprehensive Income	29	47,675,597.05	11,792,341.62
Surplus reserve	30	701,073,609.96	661,899,265.13
General reserve	31	659,373,016.67	659,373,016.67
Retained earnings	32	<u>879,948,692.53</u>	<u>1,054,879,589.11</u>
TOTAL SHAREHOLDERS' EQUITY		<u>10,999,418,822.21</u>	<u>11,099,292,118.53</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>71,246,008,406.20</u>	<u>57,998,955,649.96</u>

The financial statements have been signed by:

President

Vice President

Chief Financial Officer

The accompanying notes to financial statements form an integral part of these financial statements.

BNP PARIBAS (CHINA) LIMITED
INCOME STATEMENT
Year 2024
(Unless otherwise stated, expressed in Renminbi Yuan)

	Note V	2024	2023
Operating income		<u>1,456,969,845.37</u>	<u>1,130,888,199.13</u>
Net interest income	33	290,876,274.32	426,822,131.20
Interest income	33	1,068,098,138.65	1,131,166,711.49
Interest expense	33	777,221,864.33	704,344,580.29
Net fee and commission income	34	380,036,984.93	202,412,129.16
Fee and commission income	34	463,897,277.05	305,570,983.18
Fee and commission expense	34	83,860,292.12	103,158,854.02
Investment gains	35	252,063,576.43	426,096,279.09
Fair value gains/(losses)	36	73,380,817.17	(56,385,576.18)
Foreign exchange gains	37	459,797,445.82	131,588,713.77
Loss on disposal of assets	38	(2,461.37)	(479,354.24)
Other income		<u>817,208.07</u>	<u>833,876.33</u>
Operating expenses		<u>1,003,626,187.30</u>	<u>836,805,958.16</u>
Tax and surcharges		12,867,077.67	5,510,087.71
General and administrative expenses	39	901,688,062.87	869,343,884.00
Credit impairment losses/(reversals)	40	87,571,922.25	(39,176,851.14)
Other expenses		<u>1,499,124.51</u>	<u>1,128,837.59</u>
Operating profit		453,343,658.07	294,082,240.97
Add: Non-operating income		9,620.84	2,471.00
Less: Non-operating expenses	41	<u>99,808.08</u>	<u>2,100,000.00</u>
Profit before tax		453,253,470.83	291,984,711.97
Less: Income tax expenses	42	<u>61,510,022.58</u>	<u>6,666,890.92</u>
Net profit		<u>391,743,448.25</u>	<u>285,317,821.05</u>
Classified by going concern assumption:			
- Net profit from continuing operation		<u>391,743,448.25</u>	<u>285,317,821.05</u>
After-tax net other comprehensive income	29	<u>35,883,255.43</u>	<u>(9,144,254.81)</u>
Including: Other comprehensive income that will be reclassified to profit or loss			
- Changes in fair value of other debt investments		36,022,825.15	(9,260,296.91)
- Provision for other debt investments		<u>(139,569.72)</u>	<u>116,042.10</u>
TOTAL COMPREHENSIVE INCOME		<u>427,626,703.68</u>	<u>276,173,566.24</u>

The accompanying notes to financial statements form an integral part of these financial statements.

BNP PARIBAS (CHINA) LIMITED
STATEMENT OF CHANGES IN EQUITY
Year 2024
(Unless otherwise stated, expressed in Renminbi Yuan)

2024

	Paid-in Capital	Other Comprehensive Income	Surplus Reserve	General Reserve	Retained Earnings	Total
1. Balance as at 1 January 2024	<u>8,711,347,906.00</u>	<u>11,792,341.62</u>	<u>661,899,265.13</u>	<u>659,373,016.67</u>	<u>1,054,879,589.11</u>	<u>11,099,292,118.53</u>
2. Movements during the year	-	35,883,255.43	39,174,344.83	-	(174,930,896.58)	(99,873,296.32)
(1) Net Profit	-	-	-	-	391,743,448.25	391,743,448.25
(2) Profit distribution	-	-	39,174,344.83	-	(39,174,344.83)	-
Appropriation to surplus reserve	-	-	39,174,344.83	-	(39,174,344.83)	-
(3) Other comprehensive income	-	35,883,255.43	-	-	-	35,883,255.43
(4) Dividend distribution to investors	-	-	-	-	(527,500,000.00)	(527,500,000.00)
3. Balance as at 31 December 2024	<u>8,711,347,906.00</u>	<u>47,675,597.05</u>	<u>701,073,609.96</u>	<u>659,373,016.67</u>	<u>879,948,692.53</u>	<u>10,999,418,822.21</u>

The accompanying notes to financial statements form an integral part of these financial statement

BNP PARIBAS (CHINA) LIMITED
STATEMENT OF CHANGES IN EQUITY
Year 2024
(Unless otherwise stated, expressed in Renminbi Yuan)

2023

	Paid-in Capital	Other Comprehensive Income	Surplus Reserve	General Reserve	Retained Earnings	Total
1. Balance as at 1 January 2023	<u>8,711,347,906.00</u>	<u>20,936,596.43</u>	<u>633,367,483.02</u>	<u>659,373,016.67</u>	<u>818,093,550.17</u>	<u>10,843,118,552.29</u>
2. Movements during the year	-	(9,144,254.81)	28,531,782.11	-	236,786,038.94	256,173,566.24
(1) Net Profit	-	-	-	-	285,317,821.05	285,317,821.05
(2) Profit distribution	-	-	28,531,782.11	-	(28,531,782.11)	-
Appropriation to surplus reserve	-	-	28,531,782.11	-	(28,531,782.11)	-
(3) Other comprehensive income	-	(9,144,254.81)	-	-	-	(9,144,254.81)
(4) Others	-	-	-	-	(20,000,000.00)	(20,000,000.00)
3. Balance as at 31 December 2023	<u>8,711,347,906.00</u>	<u>11,792,341.62</u>	<u>661,899,265.13</u>	<u>659,373,016.67</u>	<u>1,054,879,589.11</u>	<u>11,099,292,118.53</u>

The accompanying notes to financial statements form an integral part of these financial statements.

BNP PARIBAS (CHINA) LIMITED
STATEMENT OF CASH FLOWS
Year 2024
(Unless otherwise stated, expressed in Renminbi Yuan)

	Note V	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net decrease in deposits with the central bank		-	31,858,449.37
Net decrease in financial assets held-for-trading		-	362,494,762.31
Net decrease in placements with financial institutions	2,230,000,000.00		3,148,230,000.00
Net increase in due to the Central Bank		-	300,000,000.00
Net increase in due to banks and other financial institutions	2,025,404,755.22		743,795,776.18
Net increase in financial assets sold under repurchase agreements		-	1,664,123,000.00
Net decrease in loans and advances		-	1,201,017,765.15
Net increase in customer deposit	8,056,789,656.11		-
Cash received from interest, service fee and commission	988,254,680.09		1,344,848,396.06
Cash received from other operating activities	<u>2,823,936,790.73</u>		<u>634,780,438.07</u>
Sub-total of cash inflows from operating activities		<u>16,124,385,882.15</u>	<u>9,431,148,587.14</u>
Net cash paid for settlement of derivative financial instruments	(637,819,903.35)		(1,038,542,831.72)
Net increase in loans and advances	(4,816,315,368.68)		-
Net decrease in placements from financial institutions	(1,010,783,000.00)		(4,212,822,022.90)
Net increase in financial assets held-for-trading	(4,297,509,568.70)		-
Net increase in deposits with the central bank	(395,583,914.13)		-
Net decrease in due to the Central Bank	(31,800,000.00)		-
Net decrease in financial assets sold under repurchase agreements	(1,977,623,000.00)		-
Net decrease in customer deposits		-	(5,853,223,521.34)
Payments made for interest, service fee and commission	(767,345,416.68)		(662,453,850.17)
Cash paid to and on behalf of employees	(484,717,209.46)		(510,433,160.50)
Cash paid for all types of taxes	(64,754,297.65)		(11,124,076.28)
Cash paid for other operating activities	<u>(816,712,876.04)</u>		<u>(932,551,583.95)</u>
Sub-total of cash outflows from operating activities		<u>(15,300,964,554.69)</u>	<u>(13,221,151,046.86)</u>
Net cash inflows/(outflows) from operating activities	43	<u>823,421,327.46</u>	<u>(3,790,002,459.72)</u>

The accompanying notes to financial statements form an integral part of these financial statements

BNP PARIBAS (CHINA) LIMITED
STATEMENT OF CASH FLOWS (continued)
Year 2024
(Unless otherwise stated, expressed in Renminbi Yuan)

	Note V	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash received from investment income		285,536,566.41	179,575,038.57
Cash received from disposals of fixed assets, intangible assets and other long-term assets		<u>6,869.28</u>	<u>50,124.68</u>
Sub-total of cash inflows from investing activities		<u>285,543,435.69</u>	<u>179,625,163.25</u>
Cash paid for investment		(206,759,025.07)	(2,380,978,628.13)
Cash paid for purchase of fixed assets, intangible assets and other long term assets		<u>(30,222,448.96)</u>	<u>(51,513,989.88)</u>
Sub-total of cash outflows from investing activities		<u>(236,981,474.03)</u>	<u>(2,432,492,618.01)</u>
Net cash inflows/(outflows) from investing activities		<u>48,561,961.66</u>	<u>(2,252,867,454.76)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from bond issuance		<u>7,379,125,025.54</u>	<u>5,152,811,902.54</u>
Sub-total of cash inflows from financing activities		<u>7,379,125,025.54</u>	<u>5,152,811,902.54</u>
Repayment of bond issuance and negotiable certificate of deposit		(4,304,384,000.00)	(4,720,000,000.00)
Repayment of lease liabilities		(31,659,581.26)	(39,291,597.24)
Cash paid for attributable dividends		<u>(527,500,000.00)</u>	<u>-</u>
Subtotal of cash outflows from financing activities		<u>(4,863,543,581.26)</u>	<u>(4,759,291,597.24)</u>
Net cash inflows from financing activities		<u>2,515,581,444.28</u>	<u>393,520,305.30</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		<u>1,094,015.51</u>	<u>75,405,106.21</u>
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	43	3,388,658,748.91	(5,573,944,502.97)
Add: Cash and cash equivalents at beginning of the year		<u>3,893,968,062.68</u>	<u>9,467,912,565.65</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	43	<u><u>7,282,626,811.59</u></u>	<u><u>3,893,968,062.68</u></u>

The accompanying notes to financial statements form an integral part of these financial statements.

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

I. GENERAL INFORMATION

BNP Paribas (China) Limited (“the Bank”) was set up as a foreign invested bank incorporated in Shanghai, the People’s Republic of China (“the PRC”) and wholly owned by BNP Paribas S.A. (“BNP Paribas”). On 15 August 2007, the China Banking Regulatory Commission (“CBRC”, now referred to as the National Financial Regulatory Administration, “NFRA”), approved BNP Paribas’s plan to transform the original branches in China into a separately funded wholly foreign-owned bank of BNP Paribas - BNP Paribas (China) Limited and its branches.

In accordance with the approval from the preparatory group of China Banking and Insurance Regulatory Commission Shanghai Branch on 12 December 2018 regarding the increase of registered capital of the Bank (Hu Yin Bao Jian (Chou) Fu [2018] No. 208), the Bank increased its registered capital to RMB 8,711,347,906.00 equivalent in freely convertible currencies. Based on shareholder meeting held on 26 March 2020 and board resolution, the Bank distributed profits in 2019 of RMB 383,792,706.12 to its shareholder, BNP Paribas, which are used to increase paid-in capital in the Bank. By 26 March 2020, the Bank has transferred RMB 383,792,706.12 of audited undistributed profits as of 31 December 2019 into paid-in capital. After capital injection, paid-in capital of the Bank is RMB 8,711,347,906.00. For the detail information the actual contribution by investors, please refer to Note V, 28.

The principal activities of the Bank are the provisions of foreign currency business and RMB business as approved by the regulator under Article 29 of the Administration Regulations on Foreign Invested Banks of the People’s Republic of China (“the Administration Regulations”).

As of 31 December 2024, the Bank consisted of Head Office of BNP Paribas (China) Limited, the Beijing Branch, the Tianjin Branch and the Guangzhou Branch. Head Office of the Bank is in Shanghai, with registered address located in Room 1701-1708, 17 Floor and Room 1804-1807, 18 Floor, No. 479 Lujiazui Ring Road, Shanghai Pilot Free Trade Zone.

In accordance with the resolution of the Board of Directors of the Bank on 28 September 2023 regarding the close of the Shanghai Pilot Free Trade Zone Sub-branch, the Bank submitted the report to NFRA Shanghai Bureau on 15 December 2023 regarding the close of the Shanghai Pilot Free Trade Zone Sub-branch. On 3 January 2024, the Bank returned the financial license of the Shanghai Pilot Free Trade Zone Sub-branch to the NFRA Shanghai Bureau. The liquidation commencement date of Shanghai Pilot Free Trade Zone Sub-branch was 3 January 2024, the liquidation termination date was 8 January 2024 and the business license was cancelled on 31 January 2024.

The Bank’s parent company is BNP Paribas.

II. Preparation basis of the financial statements

The financial statements have been prepared in accordance with Accounting Standards for Business Enterprises - Basic Standards and specific accounting standards, implementation guidance, interpretations and other relevant provisions issued subsequently by the Ministry of Finance (the “MOF”) (collectively referred to as “ASBEs”).

The financial statements have been prepared on a going concern basis.

Statement of compliance with Accounting Standards for Business Enterprises

The financial statements present truly and completely the financial positions of the Bank as at 31 December 2024, and the financial performance and the cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

III. Significant accounting policies and estimates

The financial information presented in the 2024 annual financial statements was prepared based on the following material accounting policies and significant estimates under the Accounting Standards for Business Enterprises.

1. Accounting year

The accounting year of the Bank is from 1 January to 31 December of each calendar year.

2. Functional currency

The Bank’s functional and presentation currency is Renminbi (“RMB”). These financial statements are presented in RMB and all amounts are stated in RMB, unless otherwise stated.

3. Cash and cash equivalents

Cash comprises the Bank’s cash on hand and bank deposits that can be readily withdrawn on demand. Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

III. Significant accounting policies and estimates (continued)

4. Precious metals

Precious metals comprise gold. Precious metals acquired by the Bank for trading purposes are initially measured at fair value and subsequent changes in fair value are recorded in the profit or loss.

5. Foreign currency transactions and foreign currency translation

The Bank translates foreign currency transactions into its functional currency.

Foreign currency transactions are initially recorded, on initial recognition in the functional currency using the spot exchange rates prevailing at the dates of transactions, except for capital contributions in foreign currencies by investors, where they are recorded using the spot exchange rates prevailing at the dates of transactions. Monetary items denominated in foreign currencies are translated at the spot exchange rates ruling at the balance sheet date. Differences arising on settlement or translation of monetary items are recognised in profit or loss, with the exception of those relating to foreign currency borrowings specifically for the construction and acquisition of qualifying assets, which are capitalised in accordance with the guidance for capitalisation of borrowing costs. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates on initial recognition, and the amount denominated in the functional currency is not changed. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The resulting exchange differences are recognised in profit or loss or other comprehensive income depending on the nature of the non-monetary items.

6. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition and derecognition of financial instruments

A financial asset or a financial liability is recognized when the Bank becomes a party to the contractual provisions of the financial instrument.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Bank's balance sheet) when:

- (1) the rights to receive cash flows from the financial assets have expired; or
- (2) the Bank has transferred its rights to receive cash flows from the financial asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) has transferred substantially all the risks and rewards of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the financial asset.

6. Financial instruments (continued)

Recognition and derecognition of financial instruments (continued)

A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in profit or loss.

Purchases or sales of financial assets are recognized and derecognized, as applicable, using trade date accounting. Purchase or sale of financial assets represents a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned. The trade date is the date that the Bank committed to purchase or sell a financial asset.

Classification and measurement of financial assets

The Bank's financial assets are classified at initial recognition according to the Bank's corporate business model for managing financial assets and the contractual cash flow characteristics of the financial assets: financial assets at fair value through profit or loss, financial assets at amortized cost, and financial assets at fair value through other comprehensive income. All the related financial assets affected are reclassified when, and only when, the Bank changes the business model for managing the financial assets.

Financial assets are measured at fair value on initial recognition but accounts receivable or notes receivable arising from the sale of goods or rendering of services that do not contain significant financing components or do not take into account financing components of less than one year are initially measured at transaction price.

For financial assets at fair value through profit or loss, the related transaction costs are charged directly to current profit or loss, and for other categories of financial assets related transaction costs are charged to their initial recognition amounts.

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortized cost

Financial assets are classified as financial assets carried at amortized cost if both of the following conditions are met: the business model for managing the financial asset is to collect the contractual cash flows; and the contractual terms of the financial asset provide that the cash flows arising on a specific date are solely payments of principal and interest based on the principal amount outstanding. Interest income is recognized on such financial assets using the effective interest method, with any gain or loss arising from derecognition, modification or impairment charged to current profit or loss.

III. Significant accounting policies and estimates (continued)

6. Financial instruments (continued)

Financial assets at fair value through other comprehensive income

Financial assets are classified into financial assets at fair value through other comprehensive income when both of the following conditions are satisfied: The business model is to collect both the contractual cash flows and cash flows arising from the sale of assets; the cash flows on specific date are solely payments of principal and interest on the principal amount outstanding according to the agreement of the financial assets. Their interest income is recognized using the effective interest rate method. A gain or loss arising from a change in the fair value is recognized as other comprehensive income, except for interest income, credit impairment losses and foreign exchange gains or losses, which are recognized in profit or loss. The gain or loss recognized in other comprehensive income will be reversed and recognized in profit or loss when the financial assets are derecognized.

Financial assets at fair value through profit or loss

Financial assets other than financial assets at amortized cost and financial assets at fair value through other comprehensive income as described above are classified as financial assets at fair value through profit or loss. For such financial assets, fair value is used for subsequent measurement and all changes in fair value are recognized in profit or loss for the current period except for the derivatives designated as hedging instruments.

Classification and measurement of financial liabilities

Except for financial guarantee contracts, the Bank's financial liabilities are, on initial recognition, classified into financial liabilities at fair value through profit or loss, or financial liabilities measured at amortised cost. For financial liabilities at fair value through profit or loss, relevant transaction costs are directly recognised in profit or loss, and transaction costs relating to financial liabilities measured at amortised cost are included in the initial recognition amounts.

Subsequent measurement of financial liabilities is based on their classification:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading (including derivatives that are financial liabilities) and financial liabilities designated as at fair value through profit or loss on initial recognition. Financial liabilities held for trading (including derivative financial instruments that are financial liabilities) are subsequently measured at fair value, with all changes in fair value recognized in profit or loss except for the derivatives designated as hedging instruments. For financial liabilities designated as at fair value through profit or loss, they are subsequently measured at fair value, with changes in fair value recognized in profit or loss, except for those arising from changes in the Bank's own credit risk, which are recognized in other comprehensive income; if the inclusion of changes in fair value arising from changes in the Bank's own credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, the Bank recognizes all changes in fair value

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(including the amount of the effect of changes in its own credit risk) in profit or loss for the current period.

III. Significant accounting policies and estimates (continued)

6. Financial instruments (continued)

Financial liabilities at fair value through profit or loss (continued)

A financial liability may be designated as at FVTPL upon initial recognition if: (1) such designation eliminates or significantly reduces accounting mismatch; (2) the Bank makes management and performance evaluation on a fair value basis for a portfolio of financial liabilities or a portfolio of financial assets and financial liabilities, in accordance with the Bank's formally documented risk management or investment strategy, and reports to key management personnel on that basis; (3) the qualified hybrid contract that contains embedded derivatives.

Financial liabilities at amortized cost

For such financial liabilities, the effective interest method is applied, and the subsequent measurement is made at amortized cost.

Impairment of financial instruments

The Bank impairs financial assets measured at amortized cost, commitments and financial guarantee contracts on the basis of expected credit losses ("ECL") and recognizes a loss allowance.

For receivables without significant financing components, the Bank applies a simplified measurement approach and measures the loss allowance at an amount equal to the ECL over the life of the asset.

Other than the financial assets, commitments and financial guarantee contracts are subject to the simplified approach, the Bank assesses at each balance sheet date whether there has been a significant increase in credit risk since initial recognition and, if there has been no significant increase in credit risk since initial recognition, the financial instruments are included in Stage I. The Bank measures the allowance for losses at an amount equal to the ECL over the next 12 months and calculates interest income based on the carrying amount and effective interest rate. If the credit risk has increased significantly since initial recognition, but no credit impairment has occurred, the financial instruments are included in Stage II, the Bank measures the allowance for losses at an amount equivalent to the ECL over the lifetime of the financial instruments and calculates the interest income based on the carrying balance and the effective interest rate. If credit impairment occurs after initial recognition, the financial instruments are included in Stage III, the Bank measures the provision for loss at an amount equivalent to the ECL over the lifetime of the financial instruments and calculates interest income at amortized cost and the effective interest rate.

III. Significant accounting policies and estimates (continued)

6. Financial instruments (continued)

Impairment of financial instruments (continued)

At each balance sheet date, the Bank assesses whether the credit risk of the relevant financial instruments has increased significantly since initial recognition. The Bank compares the risk of a default occurring of a single financial instrument or a group of financial instruments with similar credit risk characteristics as at the balance sheet date with the risk of a default as at the date of initial recognition, to determine changes in the risk of a default occurring of the financial instrument in the expected lifetime. For financial instruments with only low credit risk at the balance sheet date, the Bank assumes that the credit risk has not increased significantly since initial recognition.

The factors reflected by the Bank's measurement of ECL of financial instruments include: unbiased probability weighted average amount recognized by assessing a series of possible results; time value of money; reasonable and supportable information related to historical events, current condition and forecast of future economic position that is available without undue cost or effort at the balance sheet date.

A financial asset becomes credit impaired when one or more events occur that have an adverse effect on the expected future cash flows of the financial asset.

When the Bank no longer has a reasonable expectation of recovering all or part of the contractual cash flows from a financial asset, the Bank writes down the carrying amount of the financial asset directly.

Significant increase in credit risk

The Bank uses reasonable and supportable forward-looking information to assess whether the credit risk has increased significantly since initial recognition by comparing the risk of a default occurring on the financial instrument at the balance sheet date with the risk of a default occurring on the financial instrument at the date of initial recognition. For loan commitments and financial guarantee contracts, the date that the Bank becomes a party to the irrevocable commitment is considered to be the date of initial recognition in the application of criteria related to the financial instrument for impairment.

III. Significant accounting policies and estimates (continued)

6. Financial instruments (continued)

Impairment of financial instruments (continued)

Significant increase in credit risk (continued)

The following information is taken into account when assessing whether the credit risk has increased significantly:

- (1) Significant changes in internal price indicators resulting from changes in credit risk;
- (2) Significant changes in the rates or other terms of an existing financial instrument if the instrument was newly originated or issued at the balance sheet date (such as more stringent covenants, increased amounts of collateral or guarantees, or higher rate of return, etc.) ;
- (3) Significant changes in the external market indicators of credit risk of the same financial instrument or similar financial instruments with the same expected duration. These indicators include: credit spreads, credit default swap prices against borrower, length of time and extent to which the fair value of financial assets is less than their amortized cost, and other market information related to the borrower (such as the borrower's debt instruments or changes in the price of equity instruments);
- (4) An actual or expected significant change in the financial instrument's external credit rating;
- (5) An actual or expected decrease in the internal credit rating for the debtor;
- (6) Adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- (7) An actual or expected significant change in the operating results of the debtor;
- (8) Significant increase in the credit risk of other financial instruments issued by the same debtor;
- (9) Significant adverse changes in regulatory, economic, or technological environment of the debtor;
- (10) Significant changes in the value of collaterals or the quality of guarantees or credit enhancements provided by third parties, which are expected to reduce the debtor's economic motives to repay within the time limit specified in contract or affect the probability of default;
- (11) Significant change in the debtor's economic motives to repay within the time limit specified in contract;
- (12) Expected changes to loan contract, including the exemption or revision of contractual obligations, the granting of interest-free periods, the jump in interest rates, the requirement for additional collateral or guarantees, or other changes in the contractual framework for financial instruments that may result from the breach of contract;
- (13) Significant change in expected performance and repayment of the debtor;
- (14) Significant change in the method used by the Bank to manage the credit of financial instrument.

Irrespective of the outcome of the above assessment, the Bank presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due.

III. Significant accounting policies and estimates (continued)

6. Financial instruments (continued)

Impairment of financial instruments (continued)

Significant increase in credit risk (continued)

At the balance sheet date, if the Bank determines that the financial instrument has only lower credit risk, the Bank assumes that the credit risk of such financial instrument has not increased significantly since initial recognition. The financial instrument is deemed as having lower credit risk if (i) it has a low risk of default; (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flows obligations.

Credit-impaired financial assets

When an event or several events that are expected to have adverse impact on the future cash flows of the financial assets have occurred, the financial assets become credit-impaired. The evidences of credit impairment of financial assets include the following observable information:

- (1) Significant financial difficulty of the issuer or debtor;
- (2) Breach of contract by the debtor, such as a default or delinquency in interest or principal payments;
- (3) The creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, have granted to the debtor a concession that the creditor would not otherwise consider;
- (4) It is probable that the debtor will enter bankruptcy or other financial reorganizations;
- (5) The disappearance of an active market for that financial asset because of financial difficulties of the issuer or debtor;
- (6) Purchase or originate a financial asset at a significant discount which reflects the fact of credit impairment.

Based on the Bank's internal credit risk management, the Bank considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Bank, in full (without taking into account any collaterals held by the Bank).

Irrespective of the outcome of the above assessment, the Bank presumes that an event of default on the financial instrument has occurred if the contractual payment of the financial instrument has been more than 90 days past due.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when and only when the Bank currently has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

III. Significant accounting policies and estimates (continued)

6. Financial instruments (continued)

Financial guarantee contract

Financial guarantee contracts are those contracts that require issuer to pay a specified amount to the contract holder who has suffered a loss if a specified debtor is unable to pay its debt when due in accordance with the terms of the debt instruments. Financial guarantee contracts are measured at fair value on initial recognition, except for financial guaranteed contracts designated as financial liabilities at fair value through profit or loss, which are subsequently measured at the higher of (i) the ECL determined at the balance sheet date and (ii) the amount initially recognized less accumulated amortization determined in accordance with the revenue recognition standards.

Derivative financial instruments

The Bank uses derivative financial instruments. Derivative financial instruments are initially measured at fair value at the date the derivative transaction contract is entered into and are subsequently measured at their fair value. A derivative financial instrument with a positive fair value is recognized as an asset and a negative fair value is recognized as a liability.

Gains or losses arising from changes in the fair value of derivatives are taken directly to current profit or loss, except when they relate to hedge accounting.

Transfer of financial assets

A financial asset is derecognized when the Bank has transferred substantially all the risks and rewards of the financial asset to the transferee. A financial asset is not derecognized when the Bank retains substantially all the risks and rewards of the financial asset.

When the Bank has neither transferred nor retained substantially all the risks and rewards of the financial asset, it is treated as follows (i) If control over the financial asset is relinquished, the financial asset is derecognized and the resulting assets and liabilities are recognized, (ii) if control over the financial asset is not relinquished, the financial asset is recognized to the extent of its continuing involvement in the transferred financial asset and the related liabilities are recognized accordingly.

Continuing involvement in a transferred financial asset is recognized to the extent of the lower of the carrying amount of the financial asset or the amount of the financial guarantee. The amount of the financial guarantee is the maximum amount of the consideration received that will be required to be repaid.

III. Significant accounting policies and estimates (continued)

7. Financial assets purchased under resale agreements and financial assets sold under repurchase agreements

The financial assets repurchase in the certain future date are not derecognised in balance sheet. The amount received from sales of such assets (including interest) is stated as financial assets sold under repurchase agreement in balance sheet. The difference between selling price and repurchase price at the duration of the agreement is recognized by the effective interest method as interest expense.

The financial assets under resale agreements in the certain future date are not recognised in balance sheet. The amount paid for purchases of such assets (including interest) is stated as financial assets purchased under resale agreement in balance sheet. The difference between purchasing price and resale price at the duration of the agreement is recognized by the effective interest method as interest income.

8. Fixed assets

The fixed assets can be recognized only when the economic benefits related to fixed assets are likely to flow into the Bank, and the cost of fixed assets can be measured reliably. Subsequent expenditure can be recognized as the cost of fixed assets when the recognition criteria set above is met, and the replaced carrying amount shall be derecognized. Otherwise, such expenditure is to be charged to the profit or loss or the cost of related assets in the period when it is incurred.

Fixed assets are initially measured at cost. The cost of a purchased fixed asset comprises the purchase price, relevant taxes and any directly attributable expenditure for bringing the asset to working condition for its intended use.

Depreciation is charged to profit or loss on a straight-line basis. And the respective estimated useful lives, estimated residual values and annual depreciation rates of fixed assets are set by the Bank considering the nature and usage of fixed assets.

	Estimated useful lives	Estimated residual value	Annual Depreciation rate
Office equipment	5 years	-	20%
Computer equipment	3-5 years	-	20%-33%

Residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate, at each balance sheet date.

III. Significant accounting policies and estimates (continued)

9. Intangible assets

Intangible asset of the Bank mainly includes software.

An intangible asset is initially measured at cost. An intangible asset with a finite useful life is amortized using the straight-line method over its useful life when the asset is available for use. An intangible asset with an indefinite useful life is not amortized.

For an intangible asset with a finite useful life, the Bank reviews the useful life and amortization method at least at each financial year-end and makes changes if necessary.

10. Long-term prepayments

Long-term prepayments are various expenditures incurred but that should be allocated over the current and future periods of more than one year. Long-term prepayments are evenly amortized over expected beneficial period.

11. Impairment of assets

For assets excluding deferred income tax and financial assets, the Bank assesses impairment of assets as follows:

The Bank assesses at each balance sheet date whether there is an indication that an asset may be impaired. If any such indication exists, the Bank makes an estimate of the asset's recoverable amount and performs impairment test. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least at each year end, irrespective of whether there is any indication that the asset may be impaired.

An asset's recoverable amount is the higher of its fair value less costs to sell and the present value of estimated future cash flows discounted. The Bank estimates the recoverable amount on the basis of individual asset; while recoverable amount of the individual asset is hard to estimate, the Bank determined the recoverable amount of the asset group that the individual asset belongs to. The recognition of the asset group is based on whether the main cash inflows to asset group are independent of other assets or asset group of the cash inflows.

If the recoverable amount of an asset or asset group is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount by the Bank. The reduction is recognized as an impairment loss and recognized in the income statement for the current period. A provision for impairment loss of the asset is made accordingly.

Once an impairment loss is recognized, it shall not be reversed in a subsequent accounting period.

III. Significant accounting policies and estimates (continued)

12. Employee benefits

Employee benefits refer to all forms of consideration given and other related expenditure incurred by the Bank other than share-based payments in exchange for services rendered by employees or termination of employment. Employee benefits include short-term salary, post-employment benefit, termination benefits and other long-term employee benefits.

Short-term employee benefits

Occurred short-term employee benefits are recognised as a liability in the accounting period in which an employee provides services, with a corresponding charge to profit or loss or cost of an asset.

Post-employment benefits (defined contribution plan)

The employees of the Bank participate in a pension scheme and unemployment insurance managed by the local government, the corresponding expenses shall be included in the cost of related assets or profit or loss.

Termination benefits

The Bank provides termination benefits to employees and recognises an employee benefits liability for termination benefits, with a corresponding charge to profit or loss, at the earlier of when the Bank can no longer withdraw the offer of those benefits resulting from an employment termination plan or a curtailment proposal and when the Bank recognise costs involving the payment of termination benefits.

13. Share-based payments

The Bank implements share-based payments for certain employees of key positions that is cash settled with the amount in line with equity shares of BNP Paribas.

The share-based payments shall be vested after elimination period. The Bank shall, at each balance sheet date during the vesting period, recognize the services received for the current period as related costs or expenses, with a corresponding increase in liability, at an amount equal to the fair value of the liability based on the best estimate of the outcome of vesting.

Until the liability is settled, the Bank shall remeasure the fair value of the liability at each balance sheet date and at the date of settlement, with changes recognized in profit or loss for the period.

III. Significant accounting policies and estimates (continued)

14. Accrued liabilities

An obligation related to a contingency is recognized as accrued liabilities when all of the following conditions are satisfied: (1) The obligation is a present obligation of the Bank. (2) It is probable that an outflow of economic benefits will be required to settle the obligation. (3) The amount of the obligation can be measured reliably.

The accrued liabilities are initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. The Bank reviews the carrying amount of the accrued liabilities at each balance sheet date. When there is clear evidence that the carrying amount does not reflect the current best estimate, the carrying amount is adjusted to the current best estimate.

Off-balance sheet commitments that are subsequently measured with expected credit losses are listed in estimated liabilities.

15. Revenue from contracts with customers

The Bank recognizes revenue when it has fulfilled its performance obligations under the contract, that is, when the customer obtains control of the relevant goods or services. The acquisition of control of the relevant goods or services is defined as the ability to dominate the use of the goods or the provision of the services and to derive substantially all the economic benefits therefrom.

Interest income and expense

“Interest income” and “Interest expense” item in the income statement represent interest income and expense arising from financial assets measured at amortized cost and financial liabilities measured at amortized cost, etc. recognized under the effective interest method.

The effective interest rate method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income or interest expense over the accounting periods. The effective interest rate is the rate used to discount the estimated future cash flows of a financial asset or financial liability through its expected life to the carrying amount of the financial asset or the amortized cost of the financial liability. In determining the effective interest rate, the Bank estimates the expected cash flows considering all contractual terms of the financial asset or financial liability but does not take into account ECL. Fees, transaction costs and premiums or discounts paid or received by the Bank that are an integral part of the effective interest rate are taken into account in determining the effective interest rate.

III. Significant accounting policies and estimates (continued)

15. Revenue from contracts with customers (continued)

For financial assets acquired or originated with credit impairment, the Bank determines interest income from initial recognition based on the amortized cost of the financial assets and the credit-adjusted effective interest rate. The credit-adjusted effective interest rate is the rate that discounts the estimated future cash flows through the expected life of an acquired or originated financial asset that is credit impaired to the amortized cost of that financial asset.

For financial assets acquired or originated that are not credit impaired but become credit impaired in a subsequent period, the Bank determines interest income in the subsequent period based on the amortized cost of the financial asset and the effective interest rate.

Fee and commission income

The Bank receives fees and commissions for the provision of various services to customers. The fees and commissions charged for services rendered within a certain period are recognized in accordance with the progress of performance within the respective period, while other fees and commissions are recognized upon completion of the relevant transactions.

16. Deferred income tax

Deferred income tax is provided, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Temporary differences also include the differences between the book values and tax bases of items not recognized as assets or liabilities where the tax base can be determined according to the relevant tax regulations.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

Where the taxable temporary difference arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused deductible tax losses and unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized, except:

Where the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.

III. Significant accounting policies and estimates (continued)

16. Deferred income tax (continued)

At the balance sheet date, deferred income tax assets and liabilities are measured by the Bank at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, according to the requirements of tax laws, and reflect the corresponding tax effect.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset when fulfilling of the following conditions:

- (1) A legally enforceable right exists to set off current tax assets against current tax liabilities.
- (2) The deferred tax assets and deferred tax liabilities are related to the income tax left on the same taxpayer by the same tax administrative department or are related to different taxpayers but, within each future period of reversal of important deferred tax assets and deferred tax liabilities, the taxpayers involved intend to settle current tax assets and current tax liabilities or acquire assets and liquidate liabilities at the same time.

17. Leases

The Bank assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

In addition to short-term leases and low-value asset leases, the Bank recognizes lease liabilities and right-of-use assets.

For a contract that contains a lease component and non-lease component(s), the Bank allocates the consideration in the contract to each component on a relative stand-alone selling price basis.

III. Significant accounting policies and estimates (continued)

17. Leases (continued)

As lessee (continued)

At the commencement date of the lease, the Bank recognises right-of-use assets. Right-of-use assets are initially measured at cost. The cost of the right-of-use assets comprises: (a) the amount of the initial measurement of the lease liability; (b) any lease payments made at or before the commencement date of the lease less any lease incentives received; (c) any initial direct cost incurred; and (d) estimates of costs incurred by the lessee in dismantling and removing the underlying assets, restoring the site on which they are located or restoring the underlying assets to the condition required by the terms and conditions of the lease. The Bank remeasures the lease liabilities for the revision to the lease payments and adjusts the carrying amount of the right-of-use assets accordingly. The right-of-use assets are depreciated on a straight-line basis subsequently by the Bank. If the Bank is reasonably certain that the ownership of the underlying assets will be transferred to the Bank at the end of the lease terms, the Bank depreciates the assets from the commencement date to the end of the useful lives of the assets. Otherwise, the Bank depreciates the assets from the commencement date to the earlier of the end of the useful lives of the assets and the end of the lease terms.

At the commencement date of the lease, the Bank measures lease liabilities at the present value of the lease payments that are not paid at that date, except for short-term leases and leases of low-value assets. The lease payments include fixed payments and in-substance fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for termination of a lease, if the lease term reflects the Bank exercising the option to terminate the lease. Variable lease payments that are not included in the measurement of the lease liabilities are recognised in profit or loss as incurred, except those in the costs of the related assets as required. In addition, the Bank remeasures lease liabilities at the present value of the revised lease payments upon a change in any of the following: in-substance fixed payments, the amounts expected to be payable under residual value guarantees, the index or rate used to determine lease payments, or the assessment or exercise of the purchase option, the renewal option or the option to terminate the lease.

The Bank does not recognize the right-of-use assets and lease liabilities for short-term leases (leases with a lease term not exceeding 12 months) and low-value assets. The Bank recognizes lease payments on short-term leases and leases of low-value assets in the costs of the related asset or profit or loss on a straight-line basis over the lease term.

III. Significant accounting policies and estimates (continued)

18. Fair value measurement

For assets and liabilities measured and disclosed at fair value, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date; Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; Level 3 inputs are unobservable inputs for the asset or liability.

At the end of the balance sheet date, the Bank estimates assets and liabilities again which are measured at fair value on a recurring basis as to confirm whether there is transfer between different levels of the fair value hierarchy.

19. Entrusted business

The Bank act as the client's trustee in entrusted business. Since the risk and benefit of the entrusted assets are beard by client, those assets are not include in the balance sheet of the Bank.

Entrusted loans are a form of agency business in which the capital is provided by the client (trustor) and is loaned to the target borrower for specified uses, in specified amounts, over specified maturity periods and at a specified interest rate as instructed by the trustor through the Bank (the trustee), who grants, monitors, uses as well as helps retrieve the loan on the trustor's behalf. The client (trustor) bears the related risks. The Bank earns commission fee only.

20. Hedge accounting

For the purpose of hedge accounting, the Bank's hedges are classified as fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for currency risk) ;

At inception of a hedge relationship, the Bank formally designates and documents the hedge relationship, the risk management objective and its strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Bank will assess the hedge effectiveness, which is the hedging instrument's effectiveness of the changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are assessed on an ongoing basis to determine that they actually have been highly effective throughout the accounting periods for which they were designated.

III. Significant accounting policies and estimates (continued)

20. Hedge accounting (continued)

If the hedging instrument expires or is sold, terminated or exercised without rollover or replacement (as part of the hedging strategy) or when the hedging relationship is not consistent with the risk management objective as the risk management objective has changed or when the hedge no longer meets other criteria of the hedge accounting, the Bank will discontinue the hedge accounting.

If a hedging relationship ceases to meet the hedge effectiveness requirements due to the hedge ratio but the risk management objective of designating the hedging relationship remains unchanged, the hedging relationship is rebalanced by the Bank.

Hedges which meet the criteria for hedge accounting are accounted for as follows:

Fair value hedges

The gain or loss on the hedging instrument is recognised in profit or loss [or other comprehensive income, if the hedging instrument hedges an equity instrument for which an entity has elected to present changes in fair value in other comprehensive income]. The gain or loss on the hedged item resulting from hedged exposures is recognised in profit or loss (or other comprehensive income, if the hedged item is an equity instrument for which an entity has elected to present changes in fair value in other comprehensive income) and the carrying amount of the hedged item not measured at fair value is adjusted at the same time.

For fair value hedges relating to debt investments carried at amortised cost, the adjustment to the carrying amount is amortised through profit or loss over the remaining term of the hedge using the effective interest method. Amortisation using the effective interest method may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. In cases where a hedged item is a debt instrument measured at fair value through other comprehensive income, the hedging gain or loss on the hedged item is amortised in the same manner and recognised in profit or loss, without adjusting the carrying amount of the hedged item. If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

III. Significant accounting policies and estimates (continued)

21. Significant accounting judgment and estimates

The preparation of financial statements requires management to make judgments and estimates. These judgments and estimates will affect the reported amounts of income, expenses, assets and liabilities and their disclosures, as well as the disclosure of contingent liabilities on the balance sheet date. However, the results resulting from the uncertainty of these estimates may cause significant adjustments to the carrying amounts of assets or liabilities that will be affected in the future.

Judgements

In the process of applying the Bank's accounting policies, management has made the following judgements which have a significant effect on the amounts recognised in the financial statements:

Business model

Financial assets are initially classified based on the Bank's business model for managing the financial assets. The Bank judges the business model, with the consideration of enterprise evaluation, the reporting mode to key management, related risk and corresponding risk management method of financial assets performance, and the reward system of related business personnel. The Bank analyses and judges the reason, timing, frequency and value of selling financial assets before maturity date when judging whether the business model is to collect contractual cash flows or not.

Contractual cash flow characteristics

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics, and the judgements on whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding, such as the judgement on whether there is any significant difference from the benchmark cash flow when assessing the modification of the time value of money and the judgement on whether the fair value of the prepayment features is insignificant for financial assets with prepayment features

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the future accounting periods, are described below.

III. Significant accounting policies and estimates (continued)

21. Significant accounting judgment and estimates (continued)

Estimation uncertainty (continued)

Impairment of financial instruments

The Bank uses the expected credit loss model to evaluate the impairment of financial instruments other than financial assets at FVTPL. Applying the expected credit loss model need to make significant judgment and estimates with consideration of all reasonable information with proper basis, including the forward-looking information. When making those judgment and estimates, the Bank deduces the expected changes of obligor's credit risk with consideration of the historical repayment data combined with the economic policy, macroeconomic indicators, industry risk and etc. Different estimates may affect the impairment provision. The provision for impairment may not equal amount of impairment losses in the future.

Fair value of financial instruments

For the financial instrument without active trading market, the Bank determines its fair value by various valuation methods. The valuation methods that the Bank uses include Discounted Cash Flows (DCF) model analysis, and etc. The Bank needs to make estimates in such aspects as credit risks of itself and counterparties, market volatility and relevance. The changes in the assumptions about these relevant elements will have effects on the fair values of financial instruments.

Deferred income tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

IV. Taxes

Income tax

Income tax rate is 25%.

In accordance with the Announcement of the State Administration of Taxation 2012 No. 57, the headquarter is responsible for the calculation of its total taxable incomes and the amount of enterprise income tax payable. The headquarter, branches and sub-branch shall prepay enterprise income tax to the local taxation authorities on a monthly or quarterly basis. 50% of the total tax payable shall be paid by the headquarter and remaining 50% shall be allocated among its eligible branches and sub-branch. The headquarter shall calculate the proportions of tax to be borne by different branches and sub-branch according to three factors: operating revenue, employee compensation and total assets, and the 50% of total tax payable shall be allocated in these branches and sub-branch before 15 days after the end of month or quarter (the branches and sub-branch located in the same province with headquarter also allocate the tax payable according to the three factors). Branches and sub-branch shall pay the amount of enterprise income tax which is allocated with respectively to the local state treasuries.

Value added tax

VAT payable is the output VAT minus deductible input VAT. The output VAT is calculated by 6% of taxable financial services.

Other taxes

The Bank is liable for paying levies of value-added tax according to local tax bureau's request.

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

V. Notes to financial statements

1. Cash and due from the central bank

	2024	2023
Statutory deposit reserve with the PBOC	1,523,127,882.81	1,441,746,200.32
Foreign exchange risk reserve with the PBOC	582,242,043.90	268,039,812.26
Other deposit with the PBOC	3,335,964,801.52	2,472,447,768.45
Accrued interest	<u>872,575.95</u>	<u>1,126,407.49</u>
Total	<u>5,442,207,304.18</u>	<u>4,183,360,188.52</u>

Deposit reserves are deposited in accordance with the relevant regulation of PBOC and shall not be used for daily business operations. The RMB deposit reserve shall be deposited based on the arithmetic mean of the day-end balance of all relevant deposits and margin account at the end of ten days, and the offshore RMB deposit reserve shall be deposited based on the arithmetic mean of the day-end balance of offshore RMB deposits in the prior quarter, with a reserve ratio of 6% (31 December 2023: 7%). Foreign exchange business deposit reserves are deposited at 4% (31 December 2023: 4%) of the balance of all relevant deposits and margin account at the end of the month, with no interest rate.

In accordance with the PBOC's "Notice to Adjust Foreign Exchange Risk Reserve" (Yinfa [2022] No. 149), starting from 28 September 2022, the Bank is required to place foreign exchange risk reserve with PBOC basing on 20% of the nominal value of all forward RMB sale derivative contracts.

2. Due from financial institutions

	2024	2023
Deposits with domestic banks	456,120,481.10	423,984,085.53
Deposits with overseas banks	<u>241,364,056.45</u>	<u>691,036,208.70</u>
Sub-total	<u>697,484,537.55</u>	<u>1,115,020,294.23</u>
Less: Loss provision	<u>6,171,929.96</u>	<u>6,081,248.86</u>
Total	<u>691,312,607.59</u>	<u>1,108,939,045.37</u>

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

V. Notes to financial statements (continued)

2. Due from financial institutions(continued)

Changes in ECL of deposits with banks and other financial institutions

	2024
At the beginning of the year	6,081,248.86
Accrual for the year	<u>90,681.10</u>
At the end of the year	<u><u>6,171,929.96</u></u>

In 2024, the Bank's deposits with banks and other financial institutions are in the stage 1, and are not transferred to other stages.

Changes in the carrying amount of deposits with banks and other financial institution

	2023			
<u>Item</u>	Stage 1 (12-month ECL)	Stage 2 (The lifetime ECL)	Stage 3 (The lifetime ECL-impaired)	Total
At the beginning of the year	1,500,633,900.65	9,292.82	-	1,500,643,193.47
Net amount incurred in the year	(397,294,953.73)	(9,292.82)	-	(397,304,246.55)
Exchange difference	11,681,347.31	-	-	11,681,347.31
At the end of the year	<u>1,115,020,294.23</u>	<u>-</u>	<u>-</u>	<u>1,115,020,294.23</u>

Changes in ECL of deposits with banks and other financial institutions

	2023			
<u>Item</u>	Stage 1 (12-month ECL)	Stage 2 (The lifetime ECL)	Stage 3 (The lifetime ECL-impaired)	Total
At the beginning of the year	10,109,388.93	4,836.55	-	10,114,225.48
Net amount incurred in the year	(4,142,682.80)	(4,836.55)	-	(4,147,519.35)
Exchange difference	114,542.73	-	-	114,542.73
At the end of the year	<u>6,081,248.86</u>	<u>-</u>	<u>-</u>	<u>6,081,248.86</u>

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

V. Notes to financial statements (continued)

3. Placements with financial institutions

	2024	2023
Placements with domestic banks	4,200,000,000.00	6,730,000,000.00
Placements with overseas banks	1,808,152,710.00	6,500,000.00
Accrued interest	<u>46,395,285.11</u>	<u>38,565,568.93</u>
Sub-total	6,054,547,995.11	6,775,065,568.93
Less: Loss provision	<u>13,635,358.84</u>	<u>22,657,316.81</u>
Total	<u>6,040,912,636.27</u>	<u>6,752,408,252.12</u>

Changes in the carrying amount of placements with financial institutions

	2024			
Item	Stage 1 (12-month ECL)	Stage 2 (The lifetime ECL)	Stage 3 (The lifetime ECL- impaired)	Total
At the beginning of the year	6,775,065,568.93	-	-	6,775,065,568.93
Net amount incurred in the year	(2,143,288,963.24)	1,422,771,389.42	-	(720,517,573.82)
At the end of the year	<u>4,631,776,605.69</u>	<u>1,422,771,389.42</u>	<u>-</u>	<u>6,054,547,995.11</u>

Changes in ECL of placements with financial institutions

	2024			
Item	Stage 1 (12-month ECL)	Stage 2 (The lifetime ECL)	Stage 3 (The lifetime ECL- impaired)	Total
At the beginning of the year	22,657,316.81	-	-	22,657,316.81
Net amount incurred in the year	(9,661,510.98)	722,286.60	-	(8,939,224.38)
Exchange difference	(82,733.59)	-	-	(82,733.59)
At the end of the year	<u>12,913,072.24</u>	<u>722,286.60</u>	<u>-</u>	<u>13,635,358.84</u>

2023

At the beginning of the year	18,951,588.51
Accrual for the year	<u>3,705,728.30</u>
At the end of the year	<u>22,657,316.81</u>

In 2023, the Bank classified all placements with financial institutions into Stage 1, and are not transferred to other stages.

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

V. Notes to financial statements (continued)

4. Derivative financial instruments

The derivative financial instruments of the Bank include forwards, swaps, options and future, commodity-related derivatives, equity related derivatives, credit default swaps, gold derivatives contract and derivatives embedded in structured deposits. Derivative transaction is one of the key methods that the Bank adopts to actively manage the risk positions with an objective to ensure the net risk value of the Bank is within the acceptable risk level.

The notional amount and fair value of the Bank's derivative financial instruments are as follows:

	Notional Amount	2024	
		Fair Value Assets	Liabilities
Interest rate derivatives	1,000,320,377,796.59	5,296,988,089.74	5,104,353,586.67
Interest rate swaps	1,000,320,377,796.59	5,296,988,089.74	5,104,353,586.67
Foreign exchange derivatives	1,010,592,304,346.83	9,004,834,918.21	7,937,441,823.86
Foreign exchange swaps	656,012,469,190.50	6,814,214,883.59	5,254,231,139.88
Foreign exchange forwards	154,513,060,758.20	1,435,413,773.62	2,104,601,887.17
Foreign exchange options	180,140,771,041.43	421,353,023.74	378,516,291.93
Cross currency Swaps	19,742,095,224.25	333,853,237.26	199,201,504.88
Forex futures contracts	183,908,132.45	-	891,000.00
Other derivatives	55,204,704,632.27	1,613,937,374.64	1,865,691,737.71
Commodity related derivative contracts	30,481,266,361.22	917,402,721.65	917,401,836.76
Equity related derivative contracts	14,159,986,375.99	656,702,535.50	656,606,262.77
Gold derivatives contracts	2,388,796,163.06	38,943,787.43	
Credit default swaps	8,174,655,732.00	888,330.06	276,781,350.73
Total	<u>2,066,117,386,775.69</u>	<u>15,915,760,382.59</u>	<u>14,907,487,148.24</u>

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

V. Notes to financial statements (continued)

4. Derivative financial instruments (continued)

	Notional Amount	2023	
		Fair Value	
		Assets	Liabilities
Interest rate derivatives	1,352,254,855,695.43	2,922,098,073.87	2,685,590,565.57
Interest rate swaps	1,351,892,255,695.43	2,922,098,073.87	2,685,515,436.31
Interest rate options	362,600,000.00	-	75,129.26
Foreign exchange derivatives	870,849,664,185.35	9,253,856,943.04	8,610,882,009.99
Foreign exchange swaps	498,056,702,537.92	6,023,616,854.50	5,564,949,894.44
Foreign exchange forwards	260,712,000,918.82	2,453,265,579.03	2,307,897,656.72
Foreign exchange options	102,547,139,658.92	640,835,142.18	537,942,471.88
Cross currency Swaps	8,797,812,683.08	128,644,527.33	200,083,306.95
Forex futures contracts	736,008,386.61	7,494,840.00	8,680.00
Other derivatives	55,669,383,966.59	2,036,835,373.89	2,042,028,843.10
Commodity related derivative contracts	35,549,818,756.81	1,327,548,130.41	1,329,304,241.01
Equity related derivative contracts	13,727,443,149.00	643,403,650.23	643,494,313.82
Gold derivatives contracts	4,093,471,909.78	62,919,565.25	57,837,717.77
Credit default swaps	2,298,650,151.00	2,964,028.00	11,392,570.50
Total	<u>2,278,773,903,847.37</u>	<u>14,212,790,390.80</u>	<u>13,338,501,418.66</u>

4.1 Fair value hedges

The Bank adopts fair value hedges to avoid the impact of changes in fair values of financial assets and liabilities arising from changes in market interest rates. The Bank uses interest rate swaps as hedging instruments for interest rate risk on financial assets and liabilities.

Changes in fair values of hedging instruments and net gains and losses on hedged items due to the hedged risks are presented as below:

	2024	2023
Net (losses)/gains on fair value hedges		
Hedging instruments	20,226,474.43	14,433,473.87
Hedged items	<u>(20,775,075.51)</u>	<u>(13,563,898.00)</u>
Total	<u>(548,601.08)</u>	<u>869,575.87</u>

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

V. Notes to financial statements (continued)

4. Derivative financial instruments (continued)

4.1 Fair value hedges

Among the derivative financial instruments mentioned above, the Bank's hedging instruments designated as fair value hedges are all interest rate swaps, which are presented as below:

		2024							
		Notional amount (by remaining maturity)					Fair value		
		Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total	Assets	Liabilities
Interest swaps	rate								
		-	-	-	3,000,000,000.00	-	3,000,000,000.00	34,659,948.30	-
		2023							
		Notional amount (by remaining maturity)					Fair value		
		Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total	Assets	Liabilities
Interest swaps	rate	-	50,000,000.00	500,000,000.00	1,000,000,000.00	-	1,550,000,000.00	14,451,054.26	17,580.39

The specific information on the Bank's hedged exposures in fair value hedges is presented below:

2024			
Carrying amount of hedged items		Accumulative amount of adjustments to fair value of hedged items	
Assets	Liabilities	Assets	Liabilities
Bonds (Note)	- 3,034,338,973.51	- 34,338,973.51	

2023			
Carrying amount of hedged items		Accumulative amount of adjustments to fair value of hedged items	
Assets	Liabilities	Assets	Liabilities
Bonds (Note)	50,151,121.86 1,509,449,116.58	- 13,563,898.00	

Note: Bonds are included in other debt investments and issued bonds.

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

V. Notes to financial statements (continued)

5. Financial assets purchased under resale agreements

5.1 Analysis by counterparty

	2024	2023
Overseas financial institutions	1,441,024,762.52	-
Accrued interest	<u>184,131.01</u>	<u>-</u>
Total	<u><u>1,441,208,893.53</u></u>	<u><u>-</u></u>

5.2 Analysis by security type

	2024	2023
Bonds	1,441,024,762.52	-
Accrued interest	<u>184,131.01</u>	<u>-</u>
Total	<u><u>1,441,208,893.53</u></u>	<u><u>-</u></u>

As at 31 December 2024, the balance of assets purchased under resale agreements refer to repurchase agreements of open-end bonds. The open-end bonds amount to USD 214,600,000.00. As at 31 December 2023, the Bank had no financial assets purchased under resale agreements.

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

V. Notes to financial statements (continued)

6. Loans and advances

6.1 Distribution of loans and advances by corporate

	2024	2023
Measured at amortized cost:		
Corporate loans and advances		
- Loans	14,666,080,738.55	10,647,913,450.05
- Trade finance	1,991,604,423.45	1,227,230,859.72
- Discounted	<u>1,489,267,937.34</u>	<u>1,455,493,420.89</u>
Loans and advances principal	<u>18,146,953,099.34</u>	<u>13,330,637,730.66</u>
Accrued interest	<u>69,997,274.48</u>	<u>65,238,239.87</u>
Total loans and advances	<u>18,216,950,373.82</u>	<u>13,395,875,970.53</u>
Less: Loss provision	490,726,122.87	380,878,891.36
Including:		
Stage 1	437,638,510.45	335,184,770.66
Stage 2	27,610,186.16	44,073,885.86
Stage 3	<u>25,477,426.26</u>	<u>1,620,234.84</u>
Net loans and advances	<u>17,726,224,250.95</u>	<u>13,014,997,079.17</u>

As at 31 December 2024, the loss provision of loans and advances including provision accrued according to regulatory requirements:

	2024	2023
General risk provision	439,372,382.65	354,418,071.91
Specific risk provision	27,177,426.26	2,640,000.00
Special risk provision	<u>24,176,313.96</u>	<u>23,820,819.45</u>
Total	<u>490,726,122.87</u>	<u>380,878,891.36</u>

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

V. Notes to financial statements (continued)

6. Loans and advances (continued)

6.2 Distribution of loans and advances by industry

	31-12-2024		31-12-2023	
	Amount	%	Amount	%
Manufacturing	6,234,130,899.77	42.51%	3,831,567,661.14	35.97%
Wholesale and retail services	3,230,827,254.09	22.03%	2,644,489,633.73	24.84%
Leasing and commercial services	2,470,851,603.70	16.85%	1,677,020,314.44	15.75%
Finance	1,425,697,440.10	9.72%	1,373,352,833.52	12.90%
Scientific research and technology services	425,575,628.29	2.90%	306,362,735.07	4.66%
IT and computer service	390,287,944.92	2.66%	48,720,274.04	2.88%
Construction and real estate	258,729,935.95	1.76%	496,019,203.78	1.83%
Production and supply of electricity, thermodynamics, gas and water	172,584,871.73	1.18%	194,434,600.75	0.46%
Transportation, warehousing and postal business	57,395,160.00	0.39%	75,946,193.58	0.71%
Total amount of loans and advances	<u>14,666,080,738.55</u>	<u>100.00%</u>	<u>10,647,913,450.05</u>	<u>100.00%</u>
Trade finance	1,991,604,423.45		<u>1,227,230,859.72</u>	
Discount	<u>1,489,267,937.34</u>		<u>1,455,493,420.89</u>	
Accrued Interest	<u>69,997,274.48</u>		<u>65,238,239.87</u>	
Total loans and advances	<u>18,216,950,373.82</u>		<u>13,395,875,970.53</u>	
Less: Loss provision	<u>490,726,122.87</u>		<u>380,878,891.36</u>	
Net loans and advances	<u>17,726,224,250.95</u>		<u>13,014,997,079.17</u>	

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

V. Notes to financial statements (continued)

6. Loans and advances (continued)

6.3 Distribution of loans and advances by geographical region

	2024	2023
Shanghai	16,155,362,976.26	11,705,571,160.92
Beijing	1,478,897,128.28	1,282,000,000.00
Guangzhou	<u>512,692,994.80</u>	<u>343,066,569.74</u>
Sub-total	<u>18,146,953,099.34</u>	<u>13,330,637,730.66</u>
Accrued Interest	<u>69,997,274.48</u>	<u>65,238,239.87</u>
Total loans and advances	18,216,950,373.82	13,395,875,970.53
Less: Loss provision	<u>490,726,122.87</u>	<u>380,878,891.36</u>
Net loans and advance	<u>17,726,224,250.95</u>	<u>13,014,997,079.17</u>

6.4 Loans and advances by type of collateral or guarantee

	2024	2023
Credit loans	11,182,209,582.49	8,381,000,391.04
Loans with guarantee	6,608,330,475.98	4,211,953,696.77
Loans with securities	<u>356,413,040.87</u>	<u>737,683,642.85</u>
Sub-total	<u>18,146,953,099.34</u>	<u>13,330,637,730.66</u>
Accrued Interest	<u>69,997,274.48</u>	<u>65,238,239.87</u>
Total loans and advances	18,216,950,373.82	13,395,875,970.53
Less: Loss provision	<u>490,726,122.87</u>	<u>380,878,891.36</u>
Net loans and advances	<u>17,726,224,250.95</u>	<u>13,014,997,079.17</u>

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

V. Notes to financial statements (continued)

6. Loans and advances (continued)

6.5 Overdue loans

Overdue loans are loans of which the principals or related interests are overdue for one day or above. As at 31 December 2024, the Bank had no overdue loans.

	2023				Total
	Overdue up to 90 days	Overdue 90 days to 1 year	Overdue 1 year to 3 years	Overdue 3 years above	
Loans and advances	322,020.00	-	-	-	322,020.00

6.6 Changes in the carrying amount and ECL of loans and advances

Changes in the carrying amount of loans and advances

	2024			Total
	Stage 1	Stage 2	Stage 3	
	(12-month ECL)	(The lifetime ECL)	(The lifetime ECL-impaired)	
Opening balance	12,499,584,490.54	871,290,679.98	25,000,800.01	13,395,875,970.53
Transfer to Stage 1	54,074,501.42	(54,074,501.42)	-	-
Transfer to Stage 2	(284,508,111.32)	309,508,111.32	(25,000,000.00)	-
Transfer to Stage 3	-	(132,000,000.00)	132,000,000.00	-
Net amount incurred during the year	4,983,323,006.65	(136,043,901.15)	(30,000,800.01)	4,817,278,305.49
Exchange difference	3,796,097.80	-	-	3,796,097.80
Closing balance	17,256,269,985.09	858,680,388.73	102,000,000.00	18,216,950,373.82

	2023			Total
	Stage 1	Stage 2	Stage 3	
	(12-month ECL)	(The lifetime ECL)	(The lifetime ECL-impaired)	
Opening balance	13,613,427,886.33	992,539,857.47	-	14,605,967,743.80
Transfer to Stage 1	312,797,644.67	(312,797,644.67)	-	-
Transfer to Stage 2	(851,782,495.75)	851,782,495.75	-	-
Transfer to Stage 3	(23,599,860.51)	-	23,599,860.51	-
Net amount incurred during the year	(555,671,207.25)	(660,234,028.57)	1,400,939.50	(1,214,504,296.32)
Exchange difference	4,412,523.05	-	-	4,412,523.05
Closing balance	12,499,584,490.54	871,290,679.98	25,000,800.01	13,395,875,970.53

V. Notes to financial statements (continued)

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

6 Loans and advances (continued)

6.6 Changes in the carrying amount and ECL of loans and advances (continued)

Changes in ECL of loans and advances

<u>Item</u>	2024			Total
	Stage 1 (12-month ECL)	Stage 2 (The lifetime ECL)	Stage 3 (The lifetime ECL-impaired)	
At the beginning of the year	335,184,770.66	44,073,885.86	1,620,234.84	380,878,891.36
Transfer:				
to Stage 1	1,351,862.54	(1,351,862.54)	-	-
to Stage 2	(7,112,702.78)	8,732,937.61	(1,620,234.83)	-
to Stage 3	-	(23,102,906.56)	23,102,906.56	-
Accrual/(reversals) for the year	106,733,973.19	(741,868.21)	2,374,519.69	108,366,624.67
Write-off in the year	-	-	-	-
Exchange difference	1,480,606.84	-	-	1,480,606.84
At the end of the year	<u>437,638,510.45</u>	<u>27,610,186.16</u>	<u>25,477,426.26</u>	<u>490,726,122.87</u>

<u>Item</u>	2023			Total
	Stage 1 (12-month ECL)	Stage 2 (The lifetime ECL)	Stage 3 (The lifetime ECL-impaired)	
At the beginning of the year	354,988,073.96	53,691,424.89	-	408,679,498.85
Transfer:				
to Stage 1	10,421,299.90	(10,421,299.90)	-	-
to Stage 2	(21,294,562.39)	21,294,562.39	-	-
to Stage 3	(589,996.51)	-	589,996.51	-
Accrual/(reversals) for the year	(9,312,024.41)	(20,490,801.52)	1,030,238.33	(28,772,587.60)
Write-off in the year	-	-	-	-
Exchange difference	971,980.11	-	-	971,980.11
At the end of the year	<u>335,184,770.66</u>	<u>44,073,885.86</u>	<u>1,620,234.84</u>	<u>380,878,891.36</u>

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

V. Notes to financial statements (continued)

7. Financial assets held-for-trading

	2024	2023
Government bonds	4,696,940,625.05	4,542,553,685.67
Financial institution bonds	5,044,017,669.36	720,587,335.92
Asset-backed securities	50,026,561.64	-
Government agency bonds	10,658,004.83	-
Corporate bonds	1,456,537.75	-
Negotiable certificate of deposit investments	300,237,651.02	-
Total	10,103,337,049.65	5,263,141,021.59

8. Debt investments

	2024	2023
Financial institution bonds	350,000,000.00	500,000,000.00
Corporate bonds	580,000,000.00	580,000,000.00
Sub-total	930,000,000.00	1,080,000,000.00
Add: Accrued interest	9,585,985.22	13,788,497.26
Less: Loss provision	3,192,411.62	4,189,093.69
Total	936,393,573.60	1,089,599,403.57

Changes in the carrying amount of debt investments:

Item	2024			Total
	Stage 1 (12-month ECL)	Stage 2 (The lifetime ECL)	Stage 3 (The lifetime ECL- impaired)	
At the beginning of the year	889,286,311.26	204,502,186.00	-	1,093,788,497.26
Net amount incurred in the year	40,148,884.34	(194,351,396.38)	-	(154,202,512.04)
At the end of the year	929,435,195.60	10,150,789.62	-	939,585,985.22

Item	2023			Total
	Stage 1 (12-month ECL)	Stage 2 (The lifetime ECL)	Stage 3 (The lifetime ECL- impaired)	
At the beginning of the year	507,829,109.59	-	-	507,829,109.59
Transfer: to Stage 2	(204,514,521.00)	204,514,521.00	-	-
Net amount incurred in the year	585,971,722.67	(12,335.00)	-	585,959,387.67
At the end of the year	889,286,311.26	204,502,186.00	-	1,093,788,497.26

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

V. Notes to financial statements (continued)

8. Debt investments (continued)

Changes in ECL of debt investments:

<u>Item</u>	<u>2024</u>			<u>Total</u>
	<u>Stage 1</u> <u>(12-month ECL)</u>	<u>Stage 2</u> <u>(The lifetime ECL)</u>	<u>Stage 3</u> <u>(The lifetime ECL- impaired)</u>	
At the beginning of the year	3,826,873.37	362,220.32	-	4,189,093.69
Net amount incurred in the year	(900,224.71)	(96,457.36)	-	(996,682.07)
At the end of the year	<u>2,926,648.66</u>	<u>265,762.96</u>	<u>-</u>	<u>3,192,411.62</u>

<u>Item</u>	<u>2023</u>			<u>Total</u>
	<u>Stage 1</u> <u>(12-month ECL)</u>	<u>Stage 2</u> <u>(The lifetime ECL)</u>	<u>Stage 3</u> <u>(The lifetime ECL- impaired)</u>	
At the beginning of the year	1,865,889.60	-	-	1,865,889.60
Transfer: to Stage 2	(267,468.89)	267,468.89	-	-
Net amount incurred in the year	2,228,452.66	94,751.43	-	2,323,204.09
At the end of the year	<u>3,826,873.37</u>	<u>362,220.32</u>	<u>-</u>	<u>4,189,093.69</u>

9. Other debt investments

	<u>2024</u>	<u>2023</u>
Debt investments classified by issuer:		
Government bonds	5,122,715,622.88	4,369,412,462.89
Financial institution bonds	512,876,238.95	4,164,250,273.84
Negotiable certificate of deposit investments	2,747,126,838.63	-
Sub-total	<u>8,382,718,700.46</u>	<u>8,533,662,736.73</u>
Accrued interest	<u>74,452,886.69</u>	<u>141,030,039.06</u>
Total	<u>8,457,171,587.15</u>	<u>8,674,692,775.79</u>

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

V. Notes to financial statements (continued)

9. Other debt investments (continued)

Movements of loss provision for other debt investments:

	2024	2023
At the beginning of the year	223,378.50	68,655.69
(Reversals)/ accrual for the year	<u>(186,092.96)</u>	<u>154,722.81</u>
At the end of the year	<u>37,285.54</u>	<u>223,378.50</u>

As at 31 December 2024 and 31 December 2023, the Bank classified all other debt investments into Stage I and are not transferred to other stages.

10. Fixed assets

2024	Office equipment	Electronic equipment	Total
Cost:			
At the beginning of the year	24,693,440.34	88,974,319.90	113,667,760.24
Additions	91,562.78	12,449,668.86	12,541,231.64
Disposals	<u>(550,313.79)</u>	<u>(5,339,522.94)</u>	<u>(5,889,836.73)</u>
At the end of the year	<u>24,234,689.33</u>	<u>96,084,465.82</u>	<u>120,319,155.15</u>
Accumulated depreciation:			
At the beginning of the year	13,815,778.87	48,526,093.59	62,341,872.46
Additions	3,369,275.65	13,609,424.89	16,978,700.54
Disposals	<u>(550,313.79)</u>	<u>(5,330,210.70)</u>	<u>(5,880,524.49)</u>
At the end of the year	<u>16,634,740.73</u>	<u>56,805,307.78</u>	<u>73,440,048.51</u>
Net book value:			
At the end of the year	<u>7,599,948.60</u>	<u>39,279,158.04</u>	<u>46,879,106.64</u>
At the beginning of the year	<u>10,877,661.47</u>	<u>40,448,226.31</u>	<u>51,325,887.78</u>

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

V. Notes to financial statements (continued)

10. Fixed assets (continued)

2023	Office equipment	Electronic equipment	Total
Cost:			
At the beginning of the year	29,302,047.19	106,328,430.32	135,630,477.51
Additions	3,753,574.30	16,040,908.49	19,794,482.79
Disposals	<u>(8,362,181.15)</u>	<u>(33,395,018.91)</u>	<u>(41,757,200.06)</u>
At the end of the year	<u>24,693,440.34</u>	<u>88,974,319.90</u>	<u>113,667,760.24</u>
Accumulated depreciation:			
At the beginning of the year	18,989,776.41	69,600,894.37	88,590,670.78
Additions	2,937,666.76	12,320,218.13	15,257,884.89
Disposals	<u>(8,111,664.30)</u>	<u>(33,395,018.91)</u>	<u>(41,506,683.21)</u>
At the end of the year	<u>13,815,778.87</u>	<u>48,526,093.59</u>	<u>62,341,872.46</u>
Net book value:			
At the end of the year	<u>10,877,661.47</u>	<u>40,448,226.31</u>	<u>51,325,887.78</u>
At the beginning of the year	<u>10,312,270.78</u>	<u>36,727,535.95</u>	<u>47,039,806.73</u>

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

V. Notes to financial statements (continued)

11. Right-of-use assets

2024	Buildings	Office Equipment	Others	Total
Cost:				
At the beginning of the year	173,112,998.16	1,394,790.62	899,373.37	175,407,162.15
Additions	24,605,178.19	-	-	24,605,178.19
Disposals	<u>(35,657,518.61)</u>	<u>-</u>	<u>-</u>	<u>(35,657,518.61)</u>
At the end of the year	<u>162,060,657.74</u>	<u>1,394,790.62</u>	<u>899,373.37</u>	<u>164,354,821.73</u>
Accumulated Depreciation:				
At the beginning of the year	60,375,675.09	162,725.57	230,364.80	60,768,765.46
Additions	28,446,505.28	278,958.00	84,506.12	28,809,969.40
Disposals	<u>(35,657,518.61)</u>	<u>-</u>	<u>-</u>	<u>(35,657,518.61)</u>
At the end of the year	<u>53,164,661.76</u>	<u>441,683.57</u>	<u>314,870.92</u>	<u>53,921,216.25</u>
Net book value:				
At the end of the year	<u>108,895,995.98</u>	<u>953,107.05</u>	<u>584,502.45</u>	<u>110,433,605.48</u>
At the beginning of the year	<u>112,737,323.07</u>	<u>1,232,065.05</u>	<u>669,008.57</u>	<u>114,638,396.69</u>

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

V. Notes to financial statements (continued)

11. Right-of-use assets (continued)

2023	Buildings	Office Equipment	Others	Total
Cost:				
At the beginning of the year	187,029,251.54	-	2,044,476.46	189,073,728.00
Additions	38,249,839.63	1,394,790.62	-	39,644,630.25
Disposals	(52,166,093.01)	-	(1,145,103.09)	(53,311,196.10)
At the end of the year	<u>173,112,998.16</u>	<u>1,394,790.62</u>	<u>899,373.37</u>	<u>175,407,162.15</u>
Accumulated Depreciation:				
At the beginning of the year	73,991,887.33	-	750,095.51	74,741,982.84
Additions	38,549,879.75	162,725.57	194,589.70	38,907,195.02
Disposals	(52,166,091.99)	-	(714,320.41)	(52,880,412.40)
At the end of the year	<u>60,375,675.09</u>	<u>162,725.57</u>	<u>230,364.80</u>	<u>60,768,765.46</u>
Net book value:				
At the end of the year	<u>112,737,323.07</u>	<u>1,232,065.05</u>	<u>669,008.57</u>	<u>114,638,396.69</u>
At the beginning of the year	<u>113,037,364.21</u>	-	<u>1,294,380.95</u>	<u>114,331,745.16</u>

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

12. Intangible assets

Software	2024	2023
Cost:		
At the beginning of the year	82,694,637.30	66,907,179.47
Additions	17,230,777.78	15,816,358.89
Disposals	<u>(2,157,047.90)</u>	<u>(28,901.06)</u>
At the end of the year	<u>97,768,367.18</u>	<u>82,694,637.30</u>
Accumulated Amortization:		
At the beginning of the year	45,985,476.86	36,296,768.65
Additions	11,950,216.95	9,717,609.27
Disposals	<u>(2,157,047.90)</u>	<u>(28,901.06)</u>
At the end of the year	<u>55,778,645.91</u>	<u>45,985,476.86</u>
Net book value:		
At the end of the year	<u>41,989,721.27</u>	<u>36,709,160.44</u>
At the beginning of the year	<u>36,709,160.44</u>	<u>30,610,410.82</u>
Remaining amortization period		3 months ~5 years

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

V. Notes to financial statements (continued)

13. Deferred tax assets

13.1 Unoffset Deferred Income Tax Assets/ (Liabilities)

	Temporary differences/ (taxable temporary differences)		Deferred assets/ (liabilities)	
	2024	2023	2024	2023
Changes on fair value of derivative financial instruments	(32,371,267.15)	(466,073,567.68)	(8,092,816.79)	(116,518,391.92)
Changes on fair value of held-for-trading financial assets	(414,693,284.22)	(80,921,008.76)	(103,673,321.06)	(20,230,252.19)
Changes on fair value of other debt investments	(63,530,177.20)	(15,499,743.67)	(15,882,544.30)	(3,874,935.92)
Changes on fair value of Bonds payable	34,338,973.51	13,563,898.00	8,584,743.38	3,390,974.50
Changes on fair value of gold leasing	104,833.79	-	26,208.45	-
Non-deductible accrued expenses	632,574,701.84	911,749,500.87	158,143,675.46	227,937,375.22
Accrued unpaid salaries	170,640,333.09	156,145,719.38	42,660,083.27	39,036,429.85
Deferred interest income	7,282,115.86	12,272,427.17	1,820,528.97	3,068,106.79
Difference of intangible assets amortization	19,950,115.54	16,171,907.89	4,987,528.87	4,042,976.97
Loss provision of loans and advances	329,172,636.11	259,844,822.65	82,293,159.03	64,961,205.67
Loss provision of deposits with other banks	6,171,929.96	6,081,248.86	1,542,982.49	1,520,312.22
Loss provision of debt investments	3,192,411.62	4,189,093.69	798,102.91	1,047,273.42
Loss provision for other assets	11,209,323.82	3,434,900.23	2,802,330.96	858,725.06
Provision for contingent liabilities	8,387,903.24	26,925,710.94	2,096,975.81	6,731,427.74
Right-of-use assets	(110,433,605.48)	(114,638,396.69)	(27,608,401.37)	(28,659,599.17)
Lease liabilities	129,744,430.67	131,465,718.69	32,436,107.67	32,866,429.67
Written-off loan loss provision	41,926,835.19	41,926,835.19	10,481,708.80	10,481,708.80
Total	773,668,210.19	906,639,066.76	193,417,052.55	226,659,766.71

The income taxes of the domestic branches and sub-branch of the Bank are settled on a consolidated basis while the deferred tax assets and the deferred tax liabilities are presented on a net basis.

According to the expectation regarding future operations, the Bank believes that sufficient taxable income will be obtained in the future periods to utilize the deductible temporary differences and thus recognize the relevant deferred tax assets.

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

V. Notes to financial statements (continued)

13 Deferred tax assets (continued)

13.2 Deferred income tax movement

	2024	2023
Net deferred tax assets at the end of prior year	226,659,766.71	182,891,439.36
Net movement in deferred income tax included in income tax expenses the year	(21,281,629.02)	40,720,242.43
Net movement in deferred income tax included in other comprehensive income this year	<u>(11,961,085.14)</u>	<u>3,048,084.92</u>
Net deferred tax assets at the end of year	<u>193,417,052.55</u>	<u>226,659,766.71</u>

14. Other assets

	Notes	2024	2023
Other receivables	(14.1)	4,022,178,935.31	3,237,357,665.41
Long-term prepayments	(14.2)	23,739,985.86	33,228,215.44
Interest receivable		<u>2,543,300.79</u>	<u>2,543,300.79</u>
Sub-total		<u>4,048,462,221.96</u>	<u>3,273,129,181.64</u>
Less: Loss provision		<u>11,209,323.82</u>	<u>3,434,900.23</u>
Total		<u>4,037,252,898.14</u>	<u>3,269,694,281.41</u>

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

V. Notes to financial statements (continued)

14 Other assets (continued)

14.1 Other receivables

By nature:

	2024	2023
Margin deposits	1,807,910,137.69	1,603,082,560.59
Unsettlements	1,237,057,455.61	1,320,508,980.93
Receivables from BNP Paribas Group	599,823,737.26	262,432,189.57
Precious metal leasing	308,881,183.51	-
Receivables of commission	33,342,633.80	3,403,766.35
Guarantee deposits	15,091,276.10	17,424,398.25
Advance payments	7,618,534.91	6,100,655.57
Others	12,453,976.43	24,405,114.15
Sub-total	<u>4,022,178,935.31</u>	<u>3,237,357,665.41</u>
Less: Loss provision	<u>11,209,323.82</u>	<u>3,434,900.23</u>
Net other receivables	<u><u>4,010,969,611.49</u></u>	<u><u>3,233,922,765.18</u></u>

(i) Other receivables loss provision

Other receivables loss provision at the end of 2024 and 2023 is as below:

	2024	2023
At the beginning of the year	3,434,900.23	2,756,390.74
Accrual for the year	<u>7,774,423.59</u>	<u>678,509.49</u>
At the end of the year	<u><u>11,209,323.82</u></u>	<u><u>3,434,900.23</u></u>

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

V. Notes to financial statements (continued)

14 Other assets (continued)

14.2 Long-term prepayments

	2024	2023
Leasehold improvement		
Cost:		
At the beginning of the year	33,228,215.44	25,559,166.55
Additions	450,439.54	15,903,148.20
Disposals	(18.41)	(278,962.07)
Amortization	<u>(9,938,650.71)</u>	<u>(7,955,137.24)</u>
At the end of the year	<u>23,739,985.86</u>	<u>33,228,215.44</u>

15. Due to the Central Bank

	2024	2023
Due to the Central bank	268,200,000.00	300,000,000.00
Accrued interest	<u>830,637.50</u>	<u>323,570.51</u>
Total	<u>269,030,637.50</u>	<u>300,323,570.51</u>

16. Due to banks and other financial institutions

	2024	2023
Due to domestic banks and other financial institutions	4,592,441,220.91	1,541,205,837.67
Due to overseas banks and other financial institutions	715,102,212.22	1,740,932,840.24
Accrued interest	<u>1,532,710.38</u>	<u>19,013,590.12</u>
Total	<u>5,309,076,143.51</u>	<u>3,301,152,268.03</u>

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

V. Notes to financial statements (continued)

17. Takings from other banks

	2024	2023
Takings from domestic banks	-	1,000,000,000.00
Takings from overseas banks	230,028,800.00	240,811,800.00
Accrued interest	<u>1,707,963.84</u>	<u>16,166,919.84</u>
Total	<u><u>231,736,763.84</u></u>	<u><u>1,256,978,719.84</u></u>

18. Held-for-trading financial liabilities

	2024	2023
Government bonds	<u>-</u>	<u>557,431,746.51</u>
Total	<u><u>-</u></u>	<u><u>557,431,746.51</u></u>

19. Financial assets sold under repurchase agreements

19.1 Analysis by counterparty

	2024	2023
Domestic financial institutions	1,800,000,000.00	2,299,500,000.00
Overseas financial institutions	-	1,478,123,000.00
Accrued interest	<u>72,014.81</u>	<u>892,198.05</u>
Total	<u><u>1,800,072,014.81</u></u>	<u><u>3,778,515,198.05</u></u>

19.2 Analysis by security type

	2024	2023
Bonds	1,800,000,000.00	3,777,623,000.00
Accrued interest	<u>72,014.81</u>	<u>892,198.05</u>
Total	<u><u>1,800,072,014.81</u></u>	<u><u>3,778,515,198.05</u></u>

The balance of assets sold under repurchase agreements refers to repurchase agreements of collateralized bonds. The collateralized bonds amounted to RMB 1,900,000,000.00 (2023: RMB 3,886,000,000.00).

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

V. Notes to financial statements (continued)

20. Customer deposits

	2024	2023
Current deposits		
Corporates	7,583,627,422.32	5,131,236,619.29
Individuals	<u>1,311,482.49</u>	<u>1,401,765.19</u>
Sub-total	<u>7,584,938,904.81</u>	<u>5,132,638,384.48</u>
Term deposits		
Corporates	<u>18,680,290,929.90</u>	<u>13,304,964,934.44</u>
Sub-total	<u>18,680,290,929.90</u>	<u>13,304,964,934.44</u>
Margin deposit received	247,139,617.30	17,976,476.98
Accrued interest	<u>91,984,990.34</u>	<u>99,516,525.46</u>
Total	<u><u>26,604,354,442.35</u></u>	<u><u>18,555,096,321.36</u></u>

21. Payable to employees

	1/1/2024	Accrual	Payment	31/12/2024
Short-term benefits:				
Salary and bonus (Note 1)	113,872,726.87	388,093,077.97	380,526,457.77	121,439,347.07
Share-based payment	16,327,495.06	20,210,929.60	14,378,833.00	22,159,591.66
Housing funds	1,028,036.00	12,193,138.00	12,223,252.00	997,922.00
Social insurance and benefits	24,917,461.45	78,714,677.60	77,588,666.69	26,043,472.36
Including:				
Defined contribution plan	<u>-</u>	<u>27,322,660.22</u>	<u>27,322,660.22</u>	<u>-</u>
Total	<u>156,145,719.38</u>	<u>499,211,823.17</u>	<u>484,717,209.46</u>	<u>170,640,333.09</u>

Note 1: As of 31 December 2024, the bonus payable includes RMB 33,046,080.64 of deferred bonus payable to board directors, senior management and employee with significant influence on risk after the year 2024 (31 December 2023: RMB 25,751,140.60).

Note 2: The Bank participates in the endowment insurance and unemployment insurance plans established by the Government. The Bank and each branch and sub-branch pay for the insurance in accordance with ratio regulated by local regulators. Besides the above-mentioned expense, the Bank does not undertake any further payment obligation. The related expenses are recorded in the current profit and loss in current period. The Bank should pay RMB 27,322,660.22 to the endowment insurance and unemployment insurance plans. (31 December 2023: RMB 26,587,992.30). As at 31 December 2024 and 31 December 2023, the Bank has no outstanding insurance payable balance.

Note 3: The Bank has no enterprise annuity.

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

V. Notes to financial statements (continued)

22. Tax payable

	2024	2023
Income tax	24,727,377.67	47,387,133.35
VAT	36,660,676.38	8,175,162.69
Tax and surcharges	4,652,762.26	1,353,145.53
Others	<u>34,163,464.92</u>	<u>37,453,149.04</u>
Total	<u>100,204,281.23</u>	<u>94,368,590.61</u>

23. Bonds payable

	2024	2023
Negotiable certificates of deposits(a)	4,261,054,754.52	3,068,780,719.31
Financial bonds(b)	3,034,338,973.51	1,013,625,881.00
Accrued interest	<u>37,956,284.15</u>	<u>25,287,671.23</u>
Total	<u>7,333,350,012.18</u>	<u>4,107,694,271.54</u>

(a) Bank had 5 unexpired interbank negotiable certificates of deposit as at 31 December 2024 (as at 31 December 2023: 6 certificates), amounting to RMB 4,300 million (as at 31 December 2023: 3,100 million), which were all zero coupon bonds. The interbank negotiable certificate of deposits are in 1 year term (2023: 9 months to 1 year) with an annual interest rate from 1.970% to 2.150% (as at 31 December 2023: from 2.294% to 2.808%).

(b) At 10 September 2024, The Bank issued a 3-year-term fixed rate financial bond amounting to RMB 2,000 million with an annual interest rate of 2.10% (2023: issued a 3-year-term fixed rate financial bond amounting to RMB 1,000 million with an annual interest rate of 3.25%)

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

V. Notes to financial statements (continued)

24. Lease liabilities

	2024	2023
Buildings	132,278,224.77	133,658,500.15
Office equipment	974,594.50	1,237,345.43
Others	<u>620,725.71</u>	<u>698,987.42</u>
Total	<u><u>133,873,544.98</u></u>	<u><u>135,594,833.00</u></u>

The maturity analysis of lease liabilities is as follows:

	2024	2023
Within 1 year	27,276,308.02	14,056,906.46
1 to 2 years	17,740,863.25	15,980,283.90
2 to 5 years	56,585,318.66	51,388,584.88
Over 5 years	<u>32,271,055.05</u>	<u>54,169,057.76</u>
Total	<u><u>133,873,544.98</u></u>	<u><u>135,594,833.00</u></u>

25. Accrued liabilities

The provision for contingent liabilities are loss allowances for the off-balance sheet business. The movements of provision for contingent liabilities are as follows:

	2024	2023
At the beginning of the year	26,925,710.94	29,381,294.85
Reversal for the year	<u>(18,537,807.70)</u>	<u>(2,455,583.91)</u>
At the end of the year	<u><u>8,387,903.24</u></u>	<u><u>26,925,710.94</u></u>

The Bank measures loss allowances at an amount equal to the expected credit losses over the next 12 months or the expected credit losses over the lifetime of the financial guarantee contracts and loan commitments as of December 31, 2024 and December 31, 2023.

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

V. Notes to financial statements (continued)

26. Other liabilities

	2024	2023
Derivative margin deposit payable	2,201,454,605.09	74,781,231.24
Accrued expense for BNP Paribas Group	545,963,252.89	555,273,576.94
Bonds transaction to be settled	396,141,604.56	399,781,783.17
Due to BNP Paribas Group	94,029,385.61	93,630,959.11
Accrued expense - other	24,022,667.48	34,550,752.01
Other deferred income	22,494,029.01	24,769,098.78
Suspense accounts	10,055,517.65	57,258,281.18
Deferred income to BNP Paribas Group	90,006.85	79,076.36
Others	83,910,135.20	50,509,434.55
Accrued interest of derivative margin deposit	<u>215,154.68</u>	<u>300,969.66</u>
Total	<u>3,378,376,359.02</u>	<u>1,290,935,163.00</u>

27. Interest receivable, payable and accrued interest

According to relevant requirements of “Measures for the Information Disclosure of Commercial Banks” (Order No.7 in 2007 of China Banking Regulatory Commission), the movements of the Bank’s interest receivable and accrued interest are stated as follows:

	1/1/2024	Addition	Decrease	31/12/2024
Bonds investments	154,818,536.32	181,385,787.25	252,165,451.66	84,038,871.91
Loans and advances	65,238,239.87	505,054,392.23	500,295,357.62	69,997,274.48
Placement activities with Central Bank, other banks and other financial institutions	39,691,976.42	359,994,576.85	352,418,692.21	47,267,861.06
Financial assets purchased under resale agreements	-	15,402,112.83	15,217,981.82	184,131.01
Others	<u>2,543,300.79</u>	<u>6,261,269.49</u>	<u>6,261,269.49</u>	<u>2,543,300.79</u>
Total	<u>262,292,053.40</u>	<u>1,068,098,138.65</u>	<u>1,051,403,974.40</u>	<u>204,031,439.25</u>

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

V. Notes to financial statements (continued)

27. Interest receivable, payable and accrued interest (continued)

The movements of the Bank's interest payable and accrued interest are stated as follows:

	1/1/2024	Additional	Decrease	31/12/2024
Customer deposits	99,516,525.46	431,605,252.12	439,136,787.24	91,984,990.34
Placement activities with banks and financial institutions	35,180,509.96	151,583,824.71	183,523,660.45	3,240,674.22
Bonds payable	25,287,671.23	130,139,639.59	117,471,026.67	37,956,284.15
Financial assets sold under repurchase agreements	892,198.05	57,715,132.85	58,535,316.09	72,014.81
Due to the Central Bank	323,570.51	844,900.01	337,833.02	830,637.50
Others	300,969.66	5,333,115.05	5,418,930.03	215,154.68
Total	161,501,444.87	777,221,864.33	804,423,553.50	134,299,755.70

28. Paid-in capital

	2024 & 2023	
	RMB	%
BNP PARIBAS	<u>8,711,347,906.00</u>	<u>100%</u>

29. Other comprehensive income

29.1 Changes in other comprehensive income

	2024	2023
At the beginning of the year	11,792,341.62	20,936,596.43
Addition/ (Reduction)	<u>35,883,255.43</u>	<u>(9,144,254.81)</u>
At the end of the year	<u>47,675,597.05</u>	<u>11,792,341.62</u>

29.2 Other comprehensive income

	2024	2023
Change in fair value of other debt investments	48,030,433.53	(12,347,062.54)
ECL charged to other debt investments	(186,092.96)	154,722.81
Less: Tax impact resulting from other debt investments	<u>11,961,085.14</u>	<u>(3,048,084.92)</u>
Total	<u>35,883,255.43</u>	<u>(9,144,254.81)</u>

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

V. Notes to financial statements (continued)

30. Surplus reserve

	1/1/2024	Addition	Decrease	31/12/2024
Statutory surplus reserve	<u>661,899,265.13</u>	<u>39,174,344.83</u>	<u>-</u>	<u>701,073,609.96</u>

	1/1/2023	Addition	Decrease	31/12/2023
Statutory surplus reserve	<u>633,367,483.02</u>	<u>28,531,782.11</u>	<u>-</u>	<u>661,899,265.13</u>

31. General reserve

	1/1/2024	Addition	Decrease	31/12/2024
General reserve	<u>659,373,016.67</u>	<u>-</u>	<u>-</u>	<u>659,373,016.67</u>

	1/1/2023	Addition	Decrease	31/12/2023
General reserve	<u>659,373,016.67</u>	<u>-</u>	<u>-</u>	<u>659,373,016.67</u>

Pursuant to circular issued by Ministry of Finance (Caijin [2012] No.20) "Measures on General Allowance for Impairment Loss for Bad and Doubtful Debts for Financial Institutions", financial institutes should provide reserve for the risks and loss subject to depreciation of assets. These include loans and advances, available-for-sale financial assets, held-to-maturity investments, long-term equity investments, deposits with banks and other financial institutions, placements with other banks, mortgage assets and other receivables, etc. In principle, not less than 1.5% of proportion from net income should be provided for general reserve as the part of owners' equity. As of 31 December 2024, the general reserve accrued was sufficient.

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

V. Notes to financial statements (continued)

32. Retained earnings

	2024	2023
At the end of prior year	1,054,879,589.11	818,093,550.17
Net profit	391,743,448.25	285,317,821.05
Less: Appropriation of statutory surplus reserve (Note V, 30)	(39,174,344.83)	(28,531,782.11)
Less: Dividend distribution to investors	(527,500,000.00)	-
Less: Others	-	(20,000,000.00)
At the end of the year	<u>879,948,692.53</u>	<u>1,054,879,589.11</u>

33. Net interest income

	2024	2023
Interest income		
Loans and advances	505,054,392.23	492,740,515.97
Deposits and placements with banks and other financial institutions	332,633,632.48	393,409,146.35
Bond investments	181,385,787.25	213,738,736.56
Deposits with the Central Bank	27,360,944.37	30,712,299.94
Financial assets purchased under resale agreement	15,402,112.83	511,069.69
Others	<u>6,261,269.49</u>	<u>54,942.98</u>
Sub-total	<u>1,068,098,138.65</u>	<u>1,131,166,711.49</u>
Interest expense:		
Customer deposits	431,605,252.12	363,754,614.71
Due to banks and other financial institutions and takings from other banks	151,583,824.71	148,624,682.07
Bonds payable	130,139,639.59	116,368,505.73
Financial assets sold under repurchase agreement	57,715,132.85	68,777,182.75
Due to the Central Bank	844,900.01	1,740,666.66
Others	<u>5,333,115.05</u>	<u>5,078,928.37</u>
Sub-total	<u>777,221,864.33</u>	<u>704,344,580.29</u>
Net interest income	<u>290,876,274.32</u>	<u>426,822,131.20</u>

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

V. Notes to financial statements (continued)

34. Net fee and commission income

	2024	2023
Fee and commission income:		
Commission income allocated by		
BNP Paribas and related parties	340,497,993.19	220,608,314.97
Guarantee	65,761,155.53	52,545,101.68
Consulting and agency	39,012,330.95	6,690,708.66
Settlement and clearing	5,050,987.63	5,852,379.04
Asset custody	1,101,036.47	1,171,066.32
Others	12,473,773.28	18,703,412.51
Sub-total	<u>463,897,277.05</u>	<u>305,570,983.18</u>
Fee and commission expense:		
Guarantees and other expenses		
allocated from BNP Paribas and		
its branches	9,837,049.02	16,249,818.02
Others	74,023,243.10	86,909,036.00
Sub-total	<u>83,860,292.12</u>	<u>103,158,854.02</u>
Net fee and commission income	<u>380,036,984.93</u>	<u>202,412,129.16</u>

35. Investment income

	2024	2023
Held-for-trading financial assets	208,488,967.71	176,623,788.80
Other debt investments	33,371,114.75	15,506,194.48
Derivative financial instruments	9,713,807.06	233,966,295.81
Held-for-trading financial liabilities	425,216.19	-
Other	64,470.72	-
Total	<u>252,063,576.43</u>	<u>426,096,279.09</u>

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

V. Notes to financial statements (continued)

36. Fair value gains/(losses)

	2024	2023
Held-for-trading financial assets	333,772,275.46	(7,078,789.54)
Held-for-trading financial liabilities	1,698,251.64	(1,698,251.64)
Derivative financial instruments	(241,209,800.63)	(34,044,637.00)
Hedged items	(20,775,075.51)	(13,563,898.00)
Others	<u>(104,833.79)</u>	<u>-</u>
Total	<u>73,380,817.17</u>	<u>(56,385,576.18)</u>

37. Foreign exchange gains

	2024	2023
Spot foreign exchange transactions	644,876,916.92	181,560,252.78
Foreign exchange derivative financial instruments	(272,339,647.57)	(191,082,518.33)
Net exposure of foreign currency position	<u>87,260,176.47</u>	<u>141,110,979.32</u>
Total	<u>459,797,445.82</u>	<u>131,588,713.77</u>

38. Losses on disposal of assets

	2024	2023
Losses on disposal of fix assets	2,442.96	200,551.66
Losses on disposal of long-term prepayments	<u>18.41</u>	<u>278,802.58</u>
Total	<u>2,461.37</u>	<u>479,354.24</u>

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

V. Notes to financial statements (continued)

39. General and administrative expenses

	2024	2023
Salaries and bonus	408,304,007.57	405,863,148.52
Information support services expenses	223,161,099.80	173,556,817.07
Depreciation and amortization expenses	67,677,537.60	71,837,826.42
Other welfare costs	48,937,399.62	56,609,430.36
Social insurance	41,970,415.98	42,871,599.70
IT and computer maintenance	36,875,534.21	34,612,557.78
Consulting and professional services expenses	17,746,187.52	18,273,239.08
Rental and utilities	7,617,639.87	10,226,392.22
Supervision fees	5,586,572.43	5,749,688.05
Travelling expenses	4,955,525.13	6,106,308.69
Recruitment and training expenses	3,338,067.70	5,385,709.29
Entertainment expenses	2,173,800.86	2,526,578.72
Others	33,344,274.58	35,724,588.10
Total	<u>901,688,062.87</u>	<u>869,343,884.00</u>

40. Credit impairment losses/(reversals)

	2024	2023
Due from other banks	90,681.10	(4,147,519.35)
Placements with banks and other financial institutions	(8,939,224.38)	3,705,728.30
Financial assets purchased under resale agreements	-	(10,663,324.97)
Loans and advances	108,366,624.67	(28,772,587.60)
Debt investments	(996,682.07)	2,323,204.09
Other debt investments	(186,092.96)	154,722.81
Off-balance sheet assets	(18,537,807.70)	(2,455,583.91)
Others	7,774,423.59	678,509.49
Total	<u>87,571,922.25</u>	<u>(39,176,851.14)</u>

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

V. Notes to financial statements (continued)

41. Non-operating expenses

	2024	2023
Penalty	-	2,100,000.00
Others	99,808.08	-
Total	<u>99,808.08</u>	<u>2,100,000.00</u>

42. Income tax expenses

	2024	2023
Current income tax	40,072,409.90	47,387,133.35
Differences of tax filling	155,983.66	-
Deferred tax	<u>21,281,629.02</u>	<u>(40,720,242.43)</u>
Total	<u>61,510,022.58</u>	<u>6,666,890.92</u>

Reconciliation of income tax expenses to accounting profit is as follows:

	2024	2023
Profit before income tax	<u>453,253,470.83</u>	<u>291,984,711.97</u>
Income tax calculated at statutory tax rate 25%	113,313,367.71	72,996,177.99
Non-deductible expenses	9,285,227.57	11,302,025.20
Non-taxable proceeds	(63,047,223.84)	(82,923,501.78)
Differences of tax filling	<u>155,983.66</u>	<u>-</u>
Implications from utilization of previous year unconfirmed deductible temporary tax differences	<u>1,802,667.48</u>	<u>5,292,189.51</u>
Total	<u>61,510,022.58</u>	<u>6,666,890.92</u>

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

V. Notes to financial statements (continued)

43. Notes to the cash flow statement

43.1 Reconciliation of net profit to cash flows from operating activities

	2024	2023
Net profit after tax	391,743,448.25	285,317,821.05
Add: Credit impairment losses/ (reversals)	87,571,922.25	(39,176,851.14)
Depreciation and amortization (Decrease)/ Increase in deferred income	67,677,537.60 (2,264,139.28)	71,837,826.42 5,546,612.08
Fair value (gains)/ losses	(73,380,817.17)	56,385,576.18
Gains from changes in fair value of foreign exchange derivative financial instruments	(369,029,672.33)	(1,081,426,609.20)
Disposal loss from fixed assets, intangible asset and other long- term assets	2,461.37	479,354.24
Disposal gain from other debt investments	(33,371,114.75)	(15,506,194.48)
Interest received from bonds investments	(181,385,787.25)	(213,738,736.56)
Interest paid for issued bonds	130,139,639.59	116,368,505.73
Interest paid for lease liabilities	5,333,115.05	5,078,928.37
Deferred tax	21,281,629.02	(40,720,242.43)
(Increase) /decrease in operating receivables	(9,678,648,248.88)	3,963,539,240.85
Increase /(decrease) in operating payables	<u>10,457,751,353.99</u>	<u>(6,903,987,690.83)</u>
Net cash generated /(used) in operating activities	<u>823,421,327.46</u>	<u>(3,790,002,459.72)</u>

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

V. Notes to financial statements (continued)

43. Notes to the cash flow statement (continued)

43.2 Net decrease in cash and cash equivalents

	2024	2023
Cash at the end of the year	4,033,449,339.07	3,587,468,062.68
Less: Cash at the beginning of the year	3,587,468,062.68	5,421,374,636.65
Add: Cash equivalents at the end of the year	3,249,177,472.52	306,500,000.00
Less: Cash equivalents at the beginning of the year	<u>306,500,000.00</u>	<u>4,046,537,929.00</u>
Net increase/(decrease) in cash and cash equivalents	<u><u>3,388,658,748.91</u></u>	<u><u>(5,573,944,502.97)</u></u>

43.3 Cash and cash equivalents

	2024	2023
Cash equivalents :		
Original maturity within three months:		
Demand deposit with Central Bank	3,335,964,801.52	2,472,447,768.45
Deposits with banks and other financial institutions	697,484,537.55	1,115,020,294.23
Financial assets purchased under resale agreements	1,441,024,762.52	-
Placements with banks and other financial institutions	<u>1,808,152,710.00</u>	<u>306,500,000.00</u>
Total	<u><u>7,282,626,811.59</u></u>	<u><u>3,893,968,062.68</u></u>

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

VI. Segment information

According to the Bank's internal organizational structure, regulatory requirements and internal reporting system, the Bank's businesses are divided into four segments. The Bank's management periodically evaluates the operating results of these segments reporting, to determine resources allocation and evaluate the performance.

Information of segment reporting is disclosed based on the accounting policies and measurement basis used when segments report provided to the management. This measurement basis should also be consistent with the accounting policies and measurement used when preparing the financial statements.

1. Operating segments

2024

	Shanghai	Beijing	Guangzhou	Tianjin	Elimination	Total
Interest income	1,058,803,939.28	214,188,353.19	99,318,101.91	23,550,980.90	(327,763,236.63)	1,068,098,138.65
Interest expense	(901,192,765.14)	(129,496,676.15)	(73,813,630.66)	(482,029.01)	327,763,236.63	(777,221,864.33)
Net interest income	157,611,174.14	84,691,677.04	25,504,471.25	23,068,951.89	-	290,876,274.32
Fee and commission income	421,527,529.66	72,765,378.38	14,449,312.18	4,717,042.98	(49,561,986.15)	463,897,277.05
Fee and commission expense	(123,238,243.64)	(8,963,205.63)	(1,104,323.23)	(116,505.77)	49,561,986.15	(83,860,292.12)
Net fee and commission income	298,289,286.02	63,802,172.75	13,344,988.95	4,600,537.21	-	380,036,984.93
Investment gains/(losses)	254,972,784.95	(2,909,208.52)	-	-	-	252,063,576.43
Fair value gains	73,380,817.17	-	-	-	-	73,380,817.17
Foreign exchange gains/(losses)	462,782,135.67	(2,863,120.07)	(30,956.41)	(90,613.37)	-	459,797,445.82
Losses on disposal of assets	(140.65)	-	(2,320.72)	-	-	(2,461.37)
Other income	663,685.76	115,385.51	7,700.19	30,436.61	-	817,208.07
Operating income	1,247,699,743.06	142,836,906.71	38,823,883.26	27,609,312.34	-	1,456,969,845.37
Tax and surcharges	(11,634,463.27)	(988,586.25)	(215,846.04)	(28,182.11)	-	(12,867,077.67)
General and administrative expenses	(780,403,731.59)	(87,103,746.36)	(24,623,343.18)	(9,557,241.74)	-	(901,688,062.87)
Impairment (losses)/reversals for credit	(79,688,550.36)	(4,510,637.95)	(3,372,739.87)	5.93	-	(87,571,922.25)
Other expenses	(1,499,124.51)	-	-	-	-	(1,499,124.51)
Operating expense	(873,225,869.73)	(92,602,970.56)	(28,211,929.09)	(9,585,417.92)	-	(1,003,626,187.30)
Operating profit	374,473,873.33	50,233,936.15	10,611,954.17	18,023,894.42	-	453,343,658.07
Non-operating income	8,670.44	950.00	-	0.40	-	9,620.84
Non-operating expense	(99,808.08)	-	-	-	-	(99,808.08)
Total profit	374,382,735.69	50,234,886.15	10,611,954.17	18,023,894.82	-	453,253,470.83
Total assets	69,201,623,802.28	9,508,174,384.09	1,288,755,717.81	408,244,412.88	(9,160,789,910.86)	71,246,008,406.20
Total liabilities	(58,751,832,274.34)	(9,241,739,965.11)	(1,176,719,993.13)	(237,087,262.27)	9,160,789,910.86	(60,246,589,583.99)
Depreciation and Amortization (Note V. 39)	52,096,337.20	11,945,749.40	2,688,359.68	947,091.32	-	67,677,537.60

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

VI. Segment information (continued)

1. Operating segments (continued)

2023

	Shanghai	Beijing	Guangzhou	Tianjin	Elimination	Total
Interest income	1,131,020,543.33	239,408,907.21	67,838,063.08	32,507,064.64	(339,607,866.77)	1,131,166,711.49
Interest expense	(846,487,259.58)	(158,008,343.85)	(38,007,232.43)	(1,449,611.20)	339,607,866.77	(704,344,580.29)
Net interest income	284,533,283.75	81,400,563.36	29,830,830.65	31,057,453.44	-	426,822,131.20
Fee and commission income	253,096,781.63	89,676,934.90	16,239,642.92	2,241,428.48	(55,683,804.75)	305,570,983.18
Fee and commission expense	(152,123,426.92)	(5,312,198.46)	(1,277,545.54)	(129,487.85)	55,683,804.75	(103,158,854.02)
Net fee and commission income	100,973,354.71	84,364,736.44	14,962,097.38	2,111,940.63	-	202,412,129.16
Investment gains/(losses)	442,492,679.83	(16,396,402.18)	1.44	-	-	426,096,279.09
Fair value losses	(56,385,576.18)	-	-	-	-	(56,385,576.18)
Foreign exchange gains/(losses)	133,682,442.50	(757,587.34)	(680,000.30)	(656,141.09)	-	131,588,713.77
(Losses)/gains on disposal of assets	(484,265.74)	-	4,911.50	-	-	(479,354.24)
Other income	636,510.64	109,432.37	12,841.60	75,091.72	-	833,876.33
Operating income	905,448,429.51	148,720,742.65	44,130,682.27	32,588,344.70	-	1,130,888,199.13
Tax and surcharges	(4,325,850.08)	(939,826.95)	(231,980.91)	(12,429.77)	-	(5,510,087.71)
General and administrative expenses	(746,780,911.19)	(91,708,943.61)	(23,689,402.88)	(7,164,626.32)	-	(869,343,884.00)
Impairment reversals/(losses) for credit	37,990,744.20	(1,099,153.01)	2,181,292.50	103,967.45	-	39,176,851.14
Other expenses	(1,128,837.59)	-	-	-	-	(1,128,837.59)
Operating expense	(714,244,854.66)	(93,747,923.57)	(21,740,091.29)	(7,073,088.64)	-	(836,805,958.16)
Operating profit	191,203,574.85	54,972,819.08	22,390,590.98	25,515,256.06	-	294,082,240.97
Non-operating income	2,111.00	350.00	10.00	-	-	2,471.00
Non-operating expense	(2,100,000.00)	-	-	-	-	(2,100,000.00)
Total profit	189,105,685.85	54,973,169.08	22,390,600.98	25,515,256.06	-	291,984,711.97
Total assets	56,305,162,962.79	3,137,302,577.20	1,792,567,189.89	516,423,793.03	(3,752,500,872.95)	57,998,955,649.96
Total liabilities	(45,684,359,460.31)	(2,916,019,395.69)	(1,689,340,521.20)	(362,445,027.18)	3,752,500,872.95	(46,899,663,531.43)
Depreciation and Amortization	57,235,710.77	10,981,782.84	2,631,779.57	988,553.24	-	71,837,826.42

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

VII. Commitments and contingent liabilities

1. Credit commitments and financial guarantee

	2024	2023
Guarantee	16,315,143,240.35	12,243,429,771.88
Bank acceptance	3,196,368,730.08	3,105,403,456.70
Letters of credit	437,246,188.53	846,024,316.07
Letter of credit acceptances	142,270,624.87	59,750,899.31
Irrevocable credit commitments	<u>346,475,444.23</u>	<u>1,186,365,730.51</u>
Total	<u>20,437,504,228.06</u>	<u>17,440,974,174.47</u>

2. Fiduciary activities

	2024	2023
Entrusted loans business	<u>27,135,689,530.47</u>	<u>26,360,868,641.32</u>
Asset custody business	<u>2,001,167,965.00</u>	<u>3,692,255,520.59</u>

3. Pending Litigation and Disputes

As of December 31, 2024 and December 31, 2023, there were no material pending litigations where the Bank was the defendant.

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

VIII. Related party relationships and transactions

1. Definition of related parties

Parties that control, jointly control, or exert significant influence over another party, as well as two or more parties that are jointly controlled or jointly controlled by a single party, constitute related parties.

The following parties are the related parties of the Bank:

- (1) Parent of the Bank;
- (2) Subsidiaries of the Bank;
- (3) Other entities controlled by the parent of the Bank;
- (4) Investors that have joint control over the Bank;
- (5) Investors that have significant influence over the Bank;
- (6) Joint ventures of the Bank;
- (7) Associates of the Bank;
- (8) Principal individual investors of the Bank and close family members of such individuals;
- (9) Key management personnel of the Bank or of the parent and close family members of such individuals;
- (10) Other entities controlled or jointly controlled or significantly influenced by the Bank's principal individual investors, key management personnel or close family members of such individuals;
- (11) Joint ventures or associates of other members (including a parent and subsidiary) of a group of which the Bank is a member;
- (12) Joint ventures or associates of an entity that has joint control over the Bank;
- (13) Joint ventures or associates of an entity that has joint control over the Bank;

Entities are not regarded as related parties simply because they are merely under common control from the State without other related party relationships between them.

2. Parent Company

Name of entity	Registered location	Main business	Relations with the Bank	Proportion of voting rights (%)	Share capital(Million EUR)
BNP Paribas	France	Banking	Parent company	100	20,133

Changes in share capital and other paid-in capital of related party which controls the Bank or is controlled by the Bank.

Name of entity	1 January 2024	Net Increase	31 December 2024
	Million EUR	Million EUR	Million EUR
BNP Paribas	<u>21,202</u>	<u>(1,069)</u>	<u>20,133</u>

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

VIII. Related party relationships and transactions (continued)

3. The following are other related parties which have transactions with the Bank while no control relationship exists:

<u>Names of related parties</u>	<u>Relationship with the Bank</u>
BNP Paribas Hong Kong Branch	Branch of the parent company
BNP Paribas Taipei Branch	Branch of the parent company
BNP Paribas New York Branch	Branch of the parent company
BNP Paribas Singapore Branch	Branch of the parent company
BNP Paribas London Branch	Branch of the parent company
BNP Paribas Tokyo Branch	Branch of the parent company
BNP Paribas S.A., San Francisco Branch	Branch of the parent company
BNP Paribas S.A., Madrid Branch	Branch of the parent company
BNP Paribas Canada Branch	Branch of the parent company
BNP Paribas USA Chicago Branch	Branch of the parent company
BNP Paribas German Branch	Branch of the parent company
BNP Paribas Netherlands Branch	Branch of the parent company
BNP Paribas Sydney Branch	Branch of the parent company
BNP Paribas SA (Seoul Branch)	Branch of the parent company
BNP Paribas Spain Branch	Branch of the parent company
BNP PARIBAS S.A., BANKFILIAL SVERIGE	Branch of the parent company
BNP PARIBAS LABUAN BRANCH	Branch of the parent company
BNP PARIBAS IRELAND	Branch of the parent company
BNP PARIBAS, INDIA.	Branch of the parent company
BNP PARIBAS BANK POLSKA S.A.	Controlled by the parent company
BNP Paribas (Suisse) S.A.	Controlled by the parent company
BNP PARIBAS EL DJAZAIR	Controlled by the parent company
BNP Paribas India Solutions Pvt. Ltd.	Controlled by the parent company
BNP Paribas Commodities Trading (Shanghai) Co., Ltd	Controlled by the parent company
BNP Paribas (Chengdu) Representative Office	Controlled by the parent company
BNP Paribas Equities (Asia) Limited, Shanghai Representative Office	Controlled by the parent company
BNP Paribas Equities (Asia) Limited, Beijing Representative Office	Controlled by the parent company
Banca Nazionale Del Lavoro S.P.A.	Controlled by the parent company
BNP Paribas Fortis SA/NV	Controlled by the parent company
BNPP PROCUREMENT TECH	Controlled by the parent company
BGL BNP Paribas	Controlled by the parent company
BNP Paribas Overseas Investment Fund Management (Shanghai) Co., Ltd.	Controlled by the parent company

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

BNP PARIBAS ASSET MANAGEMENT LUXEMBOURG	Controlled by the parent company
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VIII. Related party relationships and transactions (continued)

3. The following are other related parties which have transactions with the Bank while no control relationship exists (continued):

<u>Names of related parties</u>	<u>Relationship with the Bank</u>
TURK EKONOMI BANKASI A.S. company	Controlled by the parent
BNP Paribas ABC Wealth Management Co., Ltd.	Controlled by the parent company
PT BANK BNP PARIBAS INDONESIA	Controlled by the parent company
BNP Paribas Financial Markets company	Controlled by the parent
BON BNPP CONSUMER FINANCE CO., Ltd.	Controlled by the parent company
BOB-Cardif Life Insurance Co. Ltd. Shanghai Branch	Significantly influenced by the parent Company
Shanghai Jiutong Financial Leasing Company Limited (Note)	Significantly influenced by the parent Company
HFT Investment Management Co., Ltd.	Significantly influenced by the parent Company
Genius Auto Finance Co., Ltd	Significantly influenced by the parent Company
Bank of Nanjing	Significantly influenced by the parent Company
Zhejiang Wisdom Puhua Finance Leasing Co., Ltd.	Significantly influenced by the parent Company
Shanghai HFT Fortune Asset Management Co. Ltd.	Significantly influenced by the parent Company

Note : As of 31 December 2024, Shanghai Jiutong Financial Leasing Company Limited was no longer the Bank's related party.

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

VIII. Related party relationships and transactions (continued)

3. The following are other related parties which have transactions with the Bank while no control relationship exists (continued):

Details for related parties controlled or significantly influenced by the parent company:

The Name of Entity	Registered Address	Major Business	Economic Nature	CEO	Paid-in Capital at the Beginning of the Year	Net Increase/(Decrease)	Paid-in Capital at the end of the Year
BNP Paribas (Chengdu) Representative Office	Chengdu, Sichuan	Other business services	Foreign enterprise	Lin Xunli	-	-	-
BNP Paribas Commodities Trading (Shanghai) Co., Ltd	Shanghai	Metal and metal mine wholesale	Sole proprietorship from Taiwan, Hong Kong and Macau	Rémi FERRER	USD 40,000,000	-	USD 40,000,000
BNP Paribas Equities (Asia) Limited Beijing Representative Office	Beijing	Other business services	Foreign enterprise	Ma Siqi	-	-	-
BNP Paribas Equities (Asia) Limited Shanghai Representative Office	Shanghai	Other business services	Foreign enterprise	Cao Zhirong	-	-	-
HFT Investment Management Co., Ltd.	Shanghai	Assets management	Sino-foreign Joint Venture	Lu Ying	RMB 300,000,000	-	RMB 300,000,000
BNP Paribas Financial Markets	Paris, France	Investment firm	Foreign enterprise	Jacques Vigner	EUR 367,316,368	-	EUR 367,316,368
BNP Paribas Overseas Investment Fund Management (Shanghai) Co., Ltd.	Shanghai	Assets management	Sole proprietorship from Taiwan, Hong Kong and Macau	Wang Guoguang	EUR 5,000,000	EUR 2,000,000	EUR 7,000,000
Genius Auto Finance Co., Ltd.	Shanghai	Services for auto finance companies	Sino-foreign Joint Venture	Han Xu	RMB 4,000,000,000	-	RMB 4,000,000,000
BNP PARIBAS ASSET MANAGEMENT LUXEMBOURG	Luxembourg	Financial assets management	Foreign enterprise	STEPHANE BRUNET	EUR 3,000,000	-	EUR 3,000,000
Zhejiang Wisdom Puhua Finance Leasing Co., Ltd.	Ningbo, Zhejiang	Finance leasing	Sino-foreign Joint Venture	Xin Hua	USD 107,860,000	-	USD 107,860,000
BNP PARIBAS (SUISSE) SA	Switzerland Geneva	Bank	Foreign Enterprise	Enna PARISSET	CHF 320,270,600	CHF (500)	CHF 320,270,100
BNP PARIBAS EL DJAZAIR	Algeria Alger	Bank	Foreign Enterprise	Pierre BEREGOVVOY	DZD 20,000,000,000	-	DZD 20,000,000,000
Banca Nazionale Del Lavoro S.P.A.	Italy Rome	Bank	Foreign Enterprise	Elena Patrizia GOITINI	EUR 2,076,940,000	-	EUR 2,076,940,000
BNP PARIBAS FORTIS	Belgium Brussels	Bank	Foreign Enterprise	Michael ANSEEUW	EUR 10,964,767,630	-	EUR 10,964,767,630
BNP PARIBAS BANK POLSKA S.A.	Poland Warsaw	Bank	Foreign Enterprise	Przemyslaw Gdanski	PLN 147,676,946	PLN 122,924	PLN 147,799,870
BGL BNP PARIBAS	Luxembourg	Bank	Foreign Enterprise	Béatrice Belorgey	EUR 713,062,636	-	EUR 713,062,636
BANK OF NANJING	Jiangsu Nanjing	Bank	Sino Foreign Joint Venture / Listed Company	Xie Ning	CNY10,007,016,973	-	CNY10,007,016,973
BNP Paribas India Solutions Pvt. Ltd.	India Mumbai	Operation service	Foreign Enterprise	Sangeeta KUMAR	INR 11,354,990	-	INR 11,354,990
BNPP PROCUREMENT TECH	France Paris	Wholesale (intercompany trade) of computers, computer peripheral equipment and software	Foreign Enterprise	Tavernier Violaine	EUR 40,000	-	EUR 40,000
BOB Cardif Life Insurance Co Ltd Shanghai branch	Shanghai	Life insurance, health insurance & accidental injury insurance, etc	Sino-foreign Joint Venture	Jiao Jian	-	-	-
TURK EKONOMI BANKASI A.S.	Turkey Istanbul	Bank	Foreign Enterprise	Umit Leblebici	TRY 2,204,390,000	-	TRY 2,204,390,000
SHANGHAI HFT FORTUNE ASSET MANAGEMENT CO., LTD	Shanghai	Assets management	Sino-foreign Joint Venture	Xi Wanrong	RMB 200,000,000	-	RMB 200,000,000

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

VIII. Related party relationships and transactions (continued)

3. The following are other related parties which have transactions with the Bank while no control relationship exists (continued):

Details for related parties controlled or significantly influenced by the parent company (continued):

The Name of Entity	Registered Address	Major Business	Economic Nature	CEO	Paid-in Capital at the Beginning of the Year	Net Increase/(Decrease)	Paid-in Capital at the
BNP Paribas ABC Wealth Management Co., Ltd.	Shanghai	Wealth management	Sino-foreign Joint Venture	Alexandre,Maurice,Louis WERNO	RMB 1,000,000,000	-	RMB 1,000,000,000
PT BANK BNP PARIBAS INDONESIA	Indonesia	Bank	Foreign Enterprise	Nicolas PARROT	IDR 3,852,573,000,000	-	IDR 3,852,573,000,000
BON BNPP CONSUMER FINANCE CO., Ltd.	Jiangsu Nanjing	Consumer finance	Sino-foreign Joint Venture	Zhang Weinian	RMB 5,000,000,000	RMB 215,000,000	RMB 5,215,000,000

Other related parties

Other related parties of the Bank include key management personnel (directors, supervisors and senior management personnel) as well as those with core business approval or decision-making powers such as large credit, asset transfer, etc., their close family members, and corporations or other organizations that are, directly or indirectly, joint controlled or significantly influenced by key management personnel or their close family members.

Except for key management remuneration disclosed in Note VIII 6, the Bank has no other transactions with other related parties mentioned above.

4. Related party transactions

4.1 Pricing policy

The terms of inter-bank transactions with related parties follow commercial terms arranged in the ordinary course of the Bank's business.

4.2 Funding

Deposits and placements business between the Bank and related parties mainly including BNP Paribas, BNP Paribas Hong Kong Branch, BNP Paribas New York Branch, Bank of Nanjing, BNP Paribas ABC Wealth Management Co., Ltd., BON BNPP CONSUMER FINANCE CO., Ltd., BNP Paribas Commodities Trading (Shanghai) Co., Ltd, BNP Paribas Overseas Investment Fund Management (Shanghai) Co., Ltd etc. The interest rate is based on market rate. The interest income and expense as below:

	2024	%	2023	%
Interest income	80,496,298.84	7.54	89,645,362.58	7.93
Interest expense	29,105,492.05	3.74	88,522,297.60	12.57

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

VIII. Related party relationships and transactions (continued)

4. Related party transactions (continued)

4.3 Fee and commission income and expenses

	2024	%	2023	%
Fee and commission income	340,497,993.19	73.40	220,608,314.97	72.20
Fee and commission expense	9,837,049.02	11.73	16,249,818.02	15.75

4.4 Service received and other expenses

	2024	%	2023	%
General and administrative expenses	<u>222,386,113.49</u>	<u>24.66</u>	<u>234,634,430.44</u>	<u>26.99</u>

5. Balances with related parties

5.1 Due from related parties

	2024	%	2023	%
Deposits with overseas banks				
BNP Paribas	99,654,514.68	14.42	303,604,828.67	27.38
BNP Paribas New York Branch	30,542,841.93	4.42	225,482,300.82	20.33
BNP Paribas Hong Kong Branch	11,171,635.31	1.62	53,418,722.60	4.82
BNP Paribas Canada Branch	3,376,070.50	0.49	11,870,074.32	1.07
BNP Paribas London Branch	1,922,462.79	0.28	19,064,173.67	1.72
BNP PARIBAS BANK POLSKA S.A.	7,928.19	0.00	4,937.57	0.00
TURK EKONOMI BANKASI A.S.	1,271.87	0.00	478.85	0.00
Deposits with domestic banks				
Bank of Nanjing	<u>3,688,792.72</u>	<u>0.53</u>	<u>3,668,274.74</u>	<u>0.33</u>
Total	<u>150,365,517.99</u>	<u>21.76</u>	<u>617,113,791.24</u>	<u>55.65</u>

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

VIII. Related party relationships and transactions (continued)

5. Balances with related parties (continued)

5.2 Placements with related parties

	2024	%	2023	%
Placements with overseas banks				
BNP Paribas	1,205,551,690.37	19.96	-	-
BNP Paribas Hong Kong Branch	27,666,629.06	0.46	6,500,541.67	0.10
Deposits with domestic banks				
GENIUS AUTO FINANCE CO., LTD	401,467,222.28	6.65	701,651,389.17	10.39
BON BNPP CONSUMER FINANCE CO., Ltd.	307,550,000.00	5.09	-	-
Total	<u>1,942,235,541.71</u>	<u>32.16</u>	<u>708,151,930.84</u>	<u>10.49</u>

5.3 Assets purchased under resale agreements

	2024	%	2023	%
BNP Paribas	<u>1,441,208,893.53</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

5.4 Loans and advances

	2024	%	2023	%
Bank of Nanjing	30,535,554.52	0.17	9,445,434.17	0.07
BNP Paribas	<u>-</u>	<u>-</u>	<u>59,312,755.39</u>	<u>0.46</u>
Total	<u>30,535,554.52</u>	<u>0.17</u>	<u>68,758,189.56</u>	<u>0.53</u>

5.5 Held-for-trading financial assets

	2024	%	2023	%
BNP Paribas	<u>3,767,529,642.01</u>	<u>37.29</u>	<u>495,050,838.74</u>	<u>9.41</u>

5.6 Debt investments

	2024	%	2023	%
GENIUS AUTO FINANCE CO., LTD	<u>50,274,068.31</u>	<u>5.37</u>	<u>-</u>	<u>-</u>

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

VIII. Related party relationships and transactions (continued)

5. Balances with related parties (continued)

5.7 Other receivables

	2024	%	2023	%
BNP Paribas	597,100,245.55	14.89	243,787,675.17	7.54
BNP Paribas Hong Kong Branch	2,490,816.60	0.06	7,003,683.05	0.22
BNP Paribas Taipei Branch	224,710.46	0.01	216,151.40	0.01
BNP Paribas Canada Branch	4,793.86	0.00	-	-
BNP PARIBAS IRELAND	1,719.16	0.00	4,442.25	0.00
BNP Paribas New York Branch	1,451.63	0.00	-	-
BNP Paribas Singapore Branch	-	-	10,808,459.99	0.33
GENIUS AUTO FINANCE CO., LTD	-	-	608,000.00	0.02
BNP Paribas Sydney Branch	-	-	3,391.64	0.00
BNP Paribas (Chengdu) Representative Office	-	-	386.07	0.00
Total	599,823,737.26	14.96	262,432,189.57	8.12

5.8 Deposits with banks and other financial institutions

	2024	%	2023	%
Shanghai HFT Fortune Asset Management Co., Ltd	560,150,000.00	10.55	424,900,000.00	12.87
BNP Paribas	411,334,050.01	7.75	911,464,523.70	27.61
BNP Paribas Hong Kong Branch	258,147,947.25	4.86	261,987,825.72	7.94
BNP Paribas New York Branch	15,237,515.73	0.29	-	-
BNP Paribas Singapore Branch	5,464,038.14	0.10	5,299,085.24	0.16
HFT Investment Management Co., Ltd.	5,320,758.85	0.10	5,541,229.79	0.17
BNP Paribas Spain Branch	4,998,602.34	0.09	4,999,200.00	0.15
Genius Auto Finance Co., Ltd	1,847,521.05	0.03	305,145,182.82	9.24
BNP Paribas ABC Wealth Management Co., Ltd.	43,973.91	0.00	763,477,284.65	23.13
BNP Paribas Securities Services Luxembourg	16,199.90	0.00	16,162.93	0.00
Total	1,262,560,607.18	23.77	2,682,830,494.85	81.27

5.9 Takings from related parties

	2024	%	2023	%
BNP Paribas Hong Kong Branch	-	-	241,216,497.62	19.19

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

VIII. Related party relationships and transactions (continued)

5. Balances with related parties (continued)

5.10 Customer deposits

	2024	%	2023	%
BNP Paribas Commodities Trading (Shanghai) Co., Ltd.	58,171,914.58	0.22	18,367.38	0.00
BNP Paribas Overseas Investment Fund Management (Shanghai) Co., Ltd.	5,178,917.46	0.02	633,548.60	0.01
BNP Paribas Equities (Asia) Limited, Beijing Representative Office	336,482.10	0.00	229,232.16	0.00
Zhejiang Wisdom Puhua Finance Leasing Co., Ltd.	217,254.42	0.00	216,822.10	0.00
BNP Paribas (Chengdu) Representative Office	134,430.80	0.00	146,024.60	0.00
BNP Paribas Equities (Asia) Limited, Shanghai Representative Office	17,700.23	0.00	89,505.70	0.00
Total	<u>64,056,699.59</u>	<u>0.24</u>	<u>1,333,500.54</u>	<u>0.01</u>

5.11 Other liabilities

	2024	%	2023	%
BNP Paribas	543,094,719.12	16.18	551,310,637.64	69.68
BNP Paribas Singapore Branch	54,458,543.27	1.62	47,467,843.68	6.00
BNP Paribas Financial Markets	25,542,895.08	0.76	14,279,196.91	1.80
BNP Paribas Hong Kong Branch	12,467,815.76	0.37	8,180,619.64	1.03
BNP Paribas Fortis SA/NV	2,569,933.01	0.08	25,144,768.24	3.18
BNP Paribas India Solutions Pvt. Ltd	1,858,732.26	0.06	1,070,583.74	0.14
BNP Paribas German Branch	-	-	1,450,886.20	0.18
Total	<u>639,992,638.50</u>	<u>19.07</u>	<u>648,904,536.05</u>	<u>82.01</u>

5.12 Deferred income

	2024	%	2023	%
BNP Paribas	71,040.64	0.31	21,991.37	0.09
BNP Paribas New York Branch	16,730.71	0.07	30,967.63	0.12
BNP PARIBAS IRELAND	1,675.67	0.01	2,605.64	0.01
BNP Paribas Germany Branch	479.61	0.00	4,267.55	0.02
BNP Paribas London Branch	80.22	0.00	-	-
Banca Nazionale Del Lavoro S.P.A.	-	-	11,422.85	0.05
BNP Paribas Netherlands Branch	-	-	4,092.84	0.02
BNP PARIBAS, INDIA.	-	-	2,587.81	0.01
BNP Paribas S.A., San Francisco Branch	-	-	1,140.67	0.00
Total	<u>90,006.85</u>	<u>0.39</u>	<u>79,076.36</u>	<u>0.32</u>

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

VIII. Related party relationships and transactions (continued)

5. Balances with related parties (continued)

5.13 Derivative financial instrument transaction

	2024			2023		
	Notional amount	%	Fair value assets/ (liabilities)	Notional amount	%	Fair value assets/ (liabilities)
BNP Paribas	217,854,565,342.23	10.54	(223,477,882.18)	224,829,841,874.29	9.86	27,861,393.82
BNP Paribas Hong Kong Branch	82,161,692,354.60	3.98	(754,593,904.87)	87,558,249,249.96	3.84	255,311,229.27
BNP Paribas Financial Markets	13,959,844,194.38	0.68	(277,452,953.05)	17,306,478,614.07	0.76	16,684,851.18
Bank of Nanjing	7,423,245,597.27	0.36	74,576,535.89	9,067,134,113.95	0.40	48,499,945.16
BNP Paribas London Branch	1,654,574,460.10	0.08	(126,108,825.45)	2,721,136,516.97	0.12	(654,997,317.17)
Shanghai HFT Fortune Asset Management Co., Ltd	626,650,000.00	0.03	(16,641,868.86)	424,900,000.00	0.02	(4,289,366.85)
Total	<u>323,680,571,948.58</u>	<u>15.67</u>	<u>(1,323,698,898.52)</u>	<u>341,907,740,369.24</u>	<u>15.00</u>	<u>(310,929,264.59)</u>

6. Key management remuneration

Specific remuneration information for board directors, supervisors, senior management and employee with significant influence on risk as of year 2024:

	2024	2023
Remuneration of directors and supervisors (Note 1)	1,023,738.45	987,240.62
Remuneration of senior management and employees with significant influence on risk (Note 2)	<u>81,035,619.97</u>	<u>87,739,177.73</u>
Total (Note 3)	<u>82,059,358.42</u>	<u>88,726,418.35</u>

Note 1: The Bank's supervisors have not received any supervisor fee nor other salary, bonus and benefits from the Bank.

Note 2: Including the director who hold position in the Bank. The definition of senior management refers to "CBIRC Implementation Measures of Administrative Licensing Items for Foreign Banks" related regulation in Charter Six.

Note 3: The remuneration includes director fee (if applicable), compensation, bonus, social insurance, housing provident fund and commercial insurance paid to related personnel of 2024.

7. Others

	2024	2023
Bank of Nanjing	<u>-</u>	<u>20,000,000.00</u>

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

In accordance with the resolution of the Board of Directors and the resolution of the Shareholders of the Bank on 19 January 2023, the Bank donated RMB 20,000,000.00 to Bank of Nanjing. The Bank took the donation as an equity transaction and the amount of the donation was deducted from retained earnings.

IX. Risk Management

1. Overview of risks management

1.1 Overview of risks

The Bank is exposed to various risks in its banking and financial business operations. The banks mainly face credit risk, liquidity risk, market risk and operational risk. The respective risk departments are responsible for identifying, measuring and management of various risks on continuous basis.

The Bank's risk management objectives are to achieve proper balance between risks and return. Based on these risk management objectives, the Bank's basic risk management strategy is to identify and measure the exposure to various risks, establish appropriate risk limits for risk tolerance, implement prudent risk management, and monitors these exposures via information from system to ensure appropriate measures are implemented on a timely and effective manner eventually in controlling the risk within the limits.

1.2 The framework of risks management

The Board of Directors is responsible to discuss and approve strategy for overall risk management, supervise the risk management and internal control system, and evaluate the overall risks of the Bank. The key responsibilities of Risk Management Committee reporting directly to the Board, include formulating risk management policy framework and guidelines on development strategy applicable for the Bank, ensuring appropriate establishment and approval of risk management and internal control framework, review and approval of risk management policies and procedures, risk monitoring on daily operational management, and periodic risk evaluation which includes credit risk, liquidity risk, market risk and operational risk etc.

2. Credit risk

Credit risk arises when the borrower or counterparty fails to meet the required obligations in the agreement on due date. The Bank's credit risk is mainly arised from credit business, including loans and advances, investments in debt securities and placement activities with other banks and financial institution.

2.1 Credit risk management

The Bank established its credit grading system by reference to BNP Paribas policy, in which qualitative and quantitative assessment, measurement and regulation under guidelines of the global standardization methods were taking into consideration. This rating system for each counterparty uses 12 levels of internal rating (grade 1 to grade 12, grade 1 is the highest). The credit ratings for all financial assets are updated once a

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

year. When there is indication of warning signs, the risk rating will be reviewed and adjusted accordingly

IX. Risk Management (continued)

2. Credit risk (continued)

2.1 Credit risk management (continued)

The guideline of relationship of the Bank's credit rating principle with NFRA guidelines is listed below (please note that the BNPP internal ratings refers to NFRA Financial Asset Facility Grades, but they are not mapping directly. Adjustments will be made in accordance with actual situation):

<u>Bank Internal Rating</u>	<u>NFRA Classification</u>
1-7	Pass
8	Special Mention
9-10	Substandard
11	Doubtful
12	Loss

(1) Financial assets classification

The NFRA five categories of financial asset classification of Guideline are set out below:

Pass:	Debtors can honor the terms of their loans. There is no reason to doubt their ability to repay principal and interest in full on a timely basis.
Special mention:	Debtors are able to repay principal and interest, although the performance of the contract may be adversely affected by specific factors.
Substandard:	Debtors cannot repay principal and interest in full, or the credit impairment has incurred.
Doubtful:	Debtors cannot repay principal and interest in full, or the credit impairment has significantly incurred.
Loss:	Only a small portion or none of the principal and interest can be recovered after taking all possible measures and exhausting all legal remedies.

(2) Loan and credit commitments

The Bank operates standard credit management including performing due diligence, credit review and approval, loan disbursement, post-drawdown monitoring and non-performing loan management.

IX. Risk Management (continued)

2. Credit risk (continued)

2.1 Credit risk management (continued)

(3) Debt securities and other bills

At present the Bank has been holding only sovereign (such as government bonds or PBOC bills), Quasi-Sovereign Bonds (policy bank bonds), financial institution bonds and corporate debt securities. The bank constantly pays attention to the change in credit rating of issuers.

(4) Deposits with other banks and financial institutions and due to banks and other financial institutions

The Bank reviews and monitors the credit risk of all financial institutions under coverage on regular basis. Credit limits are in place for each individual bank or non-banking financial institution which has business relationship with the Bank.

(5) Derivative financial instruments

The Bank strictly controls the derivative transactions. The risk management department is responsible to set the credit limit for each counterparty - with market risk limits defined at operational level, and closely monitoring the credit risk and market risk.

2.2 Mitigation of counterparty risk exposure and management over wrong way risk

Counterparty risk is the translation of the credit risk embedded in the market, investment and/or payment transactions. Those transactions include bilateral contracts (i.e. OTC), which potentially expose the Bank to the risk of default of the counterparty faced. The Bank mitigates the counterparty risk exposure via signing of the netting agreements, managing the collaterals and margining by a collateral team, and central clearing with CCP etc. As for the eligible collaterals, the Bank assess eligibility of the collateral based on various factors such as liquidity, maturity, concentration.

Wrong way risk is a correlation risk. General wrong way risk arises when the likelihood of default by counterparties is positively correlated with general market risk factors. Specific wrong way risk arises if the future exposure to a specific counterparty is expected to be high when the counterparty's default probability is also high. The Bank follows the Group's policies and best practices in wrong way risk management, including limit setup, exposure monitoring.

IX. Risk Management (continued)

2. Credit risk (continued)

2.3 Risk limit control and mitigation policies

The Bank manages, limits and controls concentrations of identified credit risk especially they are identified in particular, to individual counterparties, groups, industries and areas. To optimizing credit risk structure, the Bank set limits to individual counterparties, groups, industries and areas. Such risks are monitored on an ongoing basis and subject to an annual or more frequent review, when necessary. Exposures to credit risk are also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and principal repayment obligations and by changing the facility where appropriate.

Some other specific control and mitigation measures are outlined below:

(1) Guarantee

For the loan with third party guarantee, the Bank will evaluate the financial condition, credit history and ability to meet obligations of the guarantor on regular basis.

(2) Collateral

Taking deposits as pledged security is also used to mitigate risk.

(3) Derivative financial instruments

The risk management department takes on the responsibilities for setting the credit limit and trading limit of individual counterparty, and closely monitoring their credit risk and impact of market risk.

(4) Credit-related commitments

Credit risk of financial guarantee is the same as that of loan. However, risks of non-financial guarantee and commercial letter of credit which are tied with underlying projects or goods are usually guaranteed by shipped goods. Therefore, they have lower risks compared with direct loan. Credit-related commitments are incorporated into applicant's total facility.

2.4 Credit risk, impairment analysis and policies on provision for reserves

2.4.1 Risk stage categorization of financial instruments

The Bank categorizes each business into three risk stages based on whether the credit risk on the financial instrument has increased significantly since initial recognition and makes provision for the expected credit loss accordingly.

IX. Risk Management (continued)

2. Credit risk (continued)

2.4 Credit risk, impairment analysis and policies on provision for reserves (continued)

2.4.1 Risk stage categorization of financial instruments (continued)

Stage 1: The credit risk has not increased significantly since initial recognition. The amount of ECL on financial instruments within the next 12 months needs to be recognized.

Stage 2: The credit risk has increased significantly since initial recognition, but credit is not impaired. The amount of lifetime ECL on financial instruments needs to be recognized.

Stage 3: It has become credit impaired. The amount of lifetime ECL on financial instruments needs to be recognized.

2.4.2 Significant increase in credit risk

When categorizing the risk stages of financial instruments, the Bank fully considers various reasonable and supportable information, including forward-looking information, which reflects whether the credit risk has increased significantly. The major considerations include regulatory and economic environment, internal and external credit risk rating, solvency, operating ability, loan contract terms, repayment behavior, etc. The Bank compares the risk of default on financial instruments at the initial recognition date and that at the balance sheet date to determine the change in risk of default within the expected lifetime of financial instruments. The Bank sets qualitative and quantitative criteria to determine whether the credit risk on financial instruments has increased significantly since initial recognition. When one or more criteria below are triggered, the Bank believes that the credit risk on financial instrument has increased significantly:

- Occurrence of a credit event: Financial assets are overdue by more than 30 days or are marked as “restructured debt.”
- Absolute and relative levels of default probability for risk exposure exceed certain thresholds.
- Based on the analysis by risk experts, the debt is identified as increased risk: all debts under the clients on the watchlist.
- Based on the factors disclosed in Note III, 6, other objective evidences indicate that credit risk has significantly increased.

IX. Risk Management (continued)

2. Credit risk (continued)

2.4 Credit risk, impairment analysis and policies on provision for reserves (continued)

2.4.3 Definition and standard of credit-impaired assets

In assessing whether the debtor is credit-impaired, the Bank mainly considers the following factors:

- Internally Rated as default customer;
- Financial assets are more than 90 days past due;
- Based on the factors disclosed in Note III, 6, other objective evidences indicate the debtor is credit-impaired.
 - Occurrence of a credit event: Financial assets are overdue by more than 30 days or are marked as "restructured debt."
 - Absolute and relative levels of default probability for risk exposure exceed certain thresholds.
 - Based on the analysis by risk experts, the debt is identified as increased risk: all debts under the clients on the watchlist.
 - Based on other objective evidence proving that credit risk has significantly increased, as disclosed in Notes 3 and 6 of the bank's financial statements.

2.4.4 Expected credit loss measurement parameters

The Bank determines the credit impairment loss by predicting the probability of default (PD), loss given default (LGD) and exposure at default (EAD) of each individual debt in future periods. The expected credit loss is the discounted result of product of PD, LGD and EAD.

The Bank's key parameters for measuring the expected credit loss include:

Probability of default (PD): refers to the probability that the debtor is unable to perform its repayment obligations within the next 12 months or over the remaining lifetime.

Loss given default (LGD): refers to the proportion of the amount of losses incurred by the debtor's default to the risk exposure of the default debt.

Exposure at default (EAD): refers to the amount payable to the Bank when the default occurs within the next 12 months or over the lifetime.

The Bank derives the expected credit loss through estimating PD, LGD and EAD of single exposure in future months.

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

IX. Risk Management (continued)

2. Credit risk (continued)

2.4 Credit risk, impairment analysis and policies on provision for reserves (continued)

2.4.5 Forward-looking information

The Bank takes into account the forward-looking macroeconomic information in the determination of the expected credit loss. By analysis of historical data, the Bank identifies key economic indicators affecting the credit risk and expected credit loss on each business type, such indicators include GDP, etc. The Bank establishes a calculation model to analyze the relationship between these key economic indicators and the probability of default, so as to determine the forward-looking impact of changes in these indicators on the expected credit loss. To better align with the forward-looking adjustment of the local asset portfolios, the Bank adds the Master Score Card Approach on top of the group's expected credit loss model results and incorporates localized qualitative and quantitative indicators such as geopolitical risk, macroeconomy environment risk and ESG risk.

2.4.6 Maximum credit risk exposure without consideration of any collateral and credit risk mitigation

Information on the maximum credit risk exposure of the Bank is as below:

	2024	2023
Cash and deposits with the Central Bank	-	8,711,721.00
Deposits with banks and other financial institutions	691,312,607.59	1,108,939,045.37
Placements with banks and other Financial institutions	6,040,912,636.27	6,752,408,252.12
Derivative assets	15,915,760,382.59	14,212,790,390.80
Assets purchased under resale agreements	1,441,208,893.53	-
Loans and advances	17,726,224,250.95	13,014,997,079.17
Held-for-trading financial assets	10,103,337,049.65	5,263,141,021.59
Debt investments	936,393,573.60	1,089,599,403.57
Other debt investments	8,457,171,587.15	8,674,692,775.79
Other financial assets	3,990,803,101.27	3,230,365,410.40
Total	65,303,124,082.60	53,355,645,099.81
Credit commitments and financial guarantee (Note VII,1)	20,437,504,228.06	17,440,974,174.47
Maximum Credit Risk Exposure	85,740,628,310.66	70,796,619,274.28

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

IX. Risk Management (continued)

2. Credit risk (continued)

2.4 Credit risk, impairment analysis and policies on provision for reserves (continued)

2.4.7 Collaterals and other credit mitigation

	2024			
	Total Exposure	Provision for Impairment	Book Value	Fair Value of Collateral Held
Credit-impaired assets				
Loans and advances	<u>102,000,000.00</u>	<u>25,477,426.26</u>	<u>76,522,573.74</u>	<u>-</u>

At the end of last year, the Bank had no loans and advances granted that were credit impaired.

2.5 Investment in debt securities

The tables below analyze the Bank's investment in debt securities rated by institution generally recognized by the market:

	2024			
	Held-for-trading financial assets	Other debt investments	Debt investments	Total
AAA	362,378,755.24	2,747,126,838.63	936,393,573.60	4,045,899,167.47
Unrated:				
Government bonds	4,696,940,625.05	5,195,246,038.91	-	9,892,186,663.96
Financial institutions bonds	<u>5,044,017,669.36</u>	<u>514,798,709.61</u>	<u>-</u>	<u>5,558,816,378.97</u>
Total	<u>10,103,337,049.65</u>	<u>8,457,171,587.15</u>	<u>936,393,573.60</u>	<u>19,496,902,210.40</u>

	2023			
	Held-for-trading financial assets	Other debt investments	Debt investments	Total
AAA	-	-	1,089,599,403.57	1,089,599,403.57
Unrated:				
Government bonds	4,542,553,685.67	4,443,036,529.76	-	8,985,590,215.43
Financial institutions bonds	<u>720,587,335.92</u>	<u>4,231,656,246.03</u>	<u>-</u>	<u>4,952,243,581.95</u>
Total	<u>5,263,141,021.59</u>	<u>8,674,692,775.79</u>	<u>1,089,599,403.57</u>	<u>15,027,433,200.95</u>

IX. Risk Management (continued)

3. Risks of financial instruments

3.1 Liquidity risk

Liquidity risk is the risk that no sufficient funds will be available to make debt repayment when falls due. Liquidity risk of the Bank mainly results from early or concentrated withdrawn by depositors, postponed loan repayment by borrowers, amount or maturity mismatch of assets and liabilities.

3.1.1 Liquidity risk management

The Bank implements centralized management on liquidity risk by Headquarter. ALM-Treasury Department is responsible for working capital management. According to “Regulations of the People’s Republic of China on Administration of Foreign-funded Banks” and related regulations, the Bank controls the liquidity ratio of no less than 25%. At the same time, the Bank manages liquidity risk according to the maturity date of assets and liabilities.

The Bank is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan payable, loan draw downs, guarantees and other calls on cash settled derivatives. As experience shows that part of matured deposits will not be withdrawn, however, to satisfy unexpected fund requirement, the Bank establish liquidity management policy and maintain the level of commitment inter-bank placement facilities to cover withdrawals at unexpected levels of demand.

As at 31 December 2024, the Bank maintained 6% of the total RMB denominated deposits (31 December 2023 7%), 4% of the total foreign currency denominated deposits (31 December 2023: 4%) and 6% of the offshore RMB deposit (31 December 2023: 7%) with PBOC as required deposit reserves.

The reasonable matching and effective control in mismatching of maturities of assets and liabilities is fundamental to the management of the Bank. It is unusual for banks ever to be completely matched since business transactions are often of uncertain terms and of different types. Any unmatched position will be kept under a set of gapping limits.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature are important factors in assessing the liquidity risk of the Bank.

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

Expressed in Renminbi Yuan

IX. Risk Management (continued)

3 Liquidity risk (continued)

3.1 Liquidity risk (continued)

3.1.2 Non-derivative cash flows of financial assets and liabilities

The table below presents the cash flows payable by the Bank under non-derivative financial assets and liabilities by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows.

2024

	Overdue/Undated	Within 1 month	1-3 months	3 months-1 year	1-5years	Over 5 years	Total
Assets:							
Cash and deposits with the Central Bank	1,523,127,882.81	3,349,484,309.92	18,801,235.55	550,793,875.90	-	-	5,442,207,304.18
Due from banks and other financial institution	-	697,484,537.55	-	-	-	-	697,484,537.55
Placements with banks and other financial institutions	-	1,809,579,270.84	1,523,487,723.33	2,758,614,111.01	-	-	6,091,681,105.18
Financial assets purchased under resale agreements	-	1,441,577,155.41	-	-	-	-	1,441,577,155.41
Loans and advances	-	4,422,345,618.71	4,992,882,338.84	4,992,994,263.49	3,904,633,246.83	-	18,312,855,467.87
Held-for-trading financial assets	-	89,036,959.01	203,686,256.09	970,319,299.45	8,755,427,841.51	1,573,965,286.80	11,592,435,642.86
Other debt investments	-	2,819,266,000.00	44,508,750.00	1,794,595,750.00	4,003,226,000.00	-	8,661,596,500.00
Debt investments	-	-	-	130,291,000.00	858,632,000.00	-	988,923,000.00
Total of non-derivative financial assets	1,523,127,882.81	14,628,773,851.44	6,783,366,303.81	11,197,608,299.85	17,521,919,088.34	1,573,965,286.80	53,228,760,713.05
Liabilities:							
Due to the Central Bank	-	-	-	270,609,750.00	-	-	270,609,750.00
Due to banks and other financial institution	-	3,998,908,629.36	528,092,844.51	774,546,111.03	15,237,515.73	-	5,316,785,100.63
Takings from other banks	-	231,958,166.56	-	-	-	-	231,958,166.56
Financial assets sold under repurchased agreements	-	1,800,216,044.39	-	-	-	-	1,800,216,044.39
Customer deposits	-	16,936,840,113.00	3,824,587,340.92	3,372,558,507.90	2,534,734,029.27	-	26,668,719,991.09
Bonds payable	-	-	32,500,000.00	4,342,000,000.00	3,116,500,000.00	-	7,491,000,000.00
Total of non-derivative financial liabilities	-	22,967,922,953.31	4,385,180,185.43	8,759,714,368.93	5,666,471,545.00	-	41,779,289,052.67

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

Expressed in Renminbi Yuan

Net gap	<u>1,523,127,882.81</u>	<u>(8,339,149,101.87)</u>	<u>2,398,186,118.38</u>	<u>2,437,893,930.92</u>	<u>11,855,447,543.34</u>	<u>1,573,965,286.80</u>	<u>11,449,471,660.38</u>
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IX. Risk Management (continued)

3 Liquidity risk (continued)

3.1 Liquidity risk (continued)

3.1.2 Non-derivative cash flows of financial assets and liabilities (continued)

2023	Overdue/Undated	Within 1 month	1-3 months	3 months-1 year	1-5years	Over 5 years	Total
Assets:							
Cash and deposits with the Central Bank	1,441,746,200.32	2,512,442,020.35	22,780,865.92	206,391,101.93	-	-	4,183,360,188.52
Due from banks and other financial institution	-	1,115,038,338.91	-	-	-	-	1,115,038,338.91
Placements with banks and other financial institutions	-	8,277,750.00	1,781,399,837.96	4,673,595,392.59	398,982,777.78	-	6,862,255,758.33
Loans and advances	314,653.43	5,480,393,815.30	2,489,821,482.99	2,925,802,021.56	2,518,091,717.26	-	13,414,423,690.54
Held-for-trading financial assets	-	9,775,085.66	330,688,633.08	2,371,393,940.21	2,496,646,039.00	469,977,544.91	5,678,481,242.86
Other debt investments	-	625,250,000.00	952,993,750.00	2,905,971,250.00	4,406,442,500.00	-	8,890,657,500.00
Debt investments	-	-	-	236,810,000.00	935,380,000.00	-	1,172,190,000.00
Total of non-derivative financial assets	<u>1,442,060,853.75</u>	<u>9,751,177,010.22</u>	<u>5,577,684,569.95</u>	<u>13,319,963,706.29</u>	<u>10,755,543,034.04</u>	<u>469,977,544.91</u>	<u>41,316,406,719.16</u>
Liabilities:							
Due to the Central Bank	-	-	-	301,090,110.00	-	-	301,090,110.00
Due to banks and other financial institution	-	1,155,591,150.14	367,615,747.34	1,491,250,444.44	330,769,963.99	-	3,345,227,305.91
Takings from other banks	-	242,066,362.59	513,025,000.00	511,336,666.67	330,769,963.99	-	1,597,197,993.25
Held-for-trading financial liabilities	-	-	-	13,057,186.00	569,947,582.62	-	583,004,768.62
Financial assets sold under repurchased agreements	-	3,778,693,773.40	-	-	-	-	3,778,693,773.40
Customer deposits	-	13,063,537,294.84	979,519,220.27	4,499,442,374.24	505,956,805.33	-	19,048,455,694.68
Bonds payable	-	50,000,000.00	532,500,000.00	2,550,000,000.00	1,065,000,000.00	-	4,197,500,000.00
Total of non-derivative financial liabilities	<u>-</u>	<u>18,289,888,580.97</u>	<u>2,392,659,967.61</u>	<u>9,366,176,781.35</u>	<u>2,802,444,315.93</u>	<u>-</u>	<u>32,851,169,645.86</u>
Net gap	<u>1,442,060,853.75</u>	<u>(8,538,711,570.75)</u>	<u>3,185,024,602.34</u>	<u>3,953,786,924.94</u>	<u>7,953,098,718.11</u>	<u>469,977,544.91</u>	<u>8,465,237,073.30</u>

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

IX. Risk Management (continued)

3 Liquidity risk (continued)

3.1 Liquidity risk (continued)

3.1.3 Derivative liquidity risk analysis

Derivatives settled on a net basis

The Bank's derivatives that will be settled on a net basis include interest derivatives (interest rate swaps and interest rate options), commodity related derivative contracts, equity related derivatives, gold derivative contracts and credit default swaps, etc.

The table below analyses the Bank's derivative contracts that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date.

The amounts disclosed in the table are the contractual undiscounted cash flows, of which positive amounts are cash inflow and negative amounts are cash outflow.

2024	Within 1 month	1-3 months	3 months-1 year	1-5years	Over 5 years	Total
Interest rate derivatives	6,943,633.98	(69,183,614.24)	170,925,256.77	580,995,312.82	3,761,357.65	693,441,946.98
Forex futures contracts	-	-	(891,000.00)	-	-	(891,000.00)
Commodity related derivative contracts	-	884.89	-	-	-	884.89
Equity related derivatives	3,344.42	(7,703.53)	100,631.84	-	-	96,272.73
Gold derivative contracts	(3,177,202.62)	(5,579,642.93)	32,798,345.53	-	-	24,041,499.98
Credit default swaps	-	6,632,595.00	215,271,190.57	1,091,411,370.09	-	1,313,315,155.66
2023	Within 1 month	1-3 months	3 months-1 year	1-5years	Over 5 years	Total
Interest rate derivatives	(6,043,091.81)	2,257,524.96	110,029,950.00	769,123,256.20	(1,139,658.22)	874,227,981.13
Interest rate options	(59,571.33)	(15,557.93)	-	-	-	(75,129.26)
Forex futures contracts	-	217,420.00	7,268,740.00	-	-	7,486,160.00
Commodity related derivative contracts	5,275,292.94	(1,718.27)	(7,029,685.27)	-	-	(1,756,110.60)
Equity related derivatives	(2,487.36)	(57,417.47)	69,444.49	(100,203.25)	-	(90,663.59)
Gold derivative contracts	24,759,707.38	(26,893,816.89)	5,604,945.23	-	-	3,470,835.72
Credit default swaps	-	1,528,572.45	13,924,889.50	41,670,439.91	-	57,123,901.86

Derivatives settled on a gross basis

The Bank's derivatives that will be settled on a gross basis include: Foreign exchange derivatives such as foreign exchange forwards, foreign exchange swap, currency option contract and cross currency swap.

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

IX. Risk Management (continued)

3 Liquidity risk (continued)

3.1 Liquidity risk (continued)

3.1.3 Derivative liquidity risk analysis (continued)

The table below analyses the Bank's derivative contracts that will be settled on a gross basis into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. The positive amounts indicate cash inflow and negative amounts indicate cash outflow.

2024	Within 1 month RMB	1-3 months RMB	3 months-1 year RMB	1-5years RMB	Over 5 years RMB	Total RMB
Foreign exchange derivatives						
-Outflow	(263,230,136,635.82)	(252,368,474,815.58)	(446,746,965,463.96)	(38,176,204,515.85)	-	(1,000,521,781,431.21)
-Inflow	<u>263,486,191,601.07</u>	<u>252,285,619,947.97</u>	<u>447,541,257,279.58</u>	<u>37,812,470,033.56</u>	-	<u>1,001,125,538,862.18</u>
	<u>256,054,965.25</u>	<u>(82,854,867.61)</u>	<u>794,291,815.62</u>	<u>(363,734,482.29)</u>	-	<u>603,757,430.97</u>
2023	Within 1 month RMB	1-3 months RMB	3 months-1 year RMB	1-5years RMB	Over 5 years RMB	Total RMB
Foreign exchange derivatives						
-Outflow	(194,990,750,617.14)	(199,280,163,392.99)	(446,313,521,749.95)	(31,266,275,642.58)	-	(871,850,711,402.66)
-Inflow	<u>195,000,985,758.85</u>	<u>200,000,240,775.24</u>	<u>446,734,996,986.59</u>	<u>31,455,917,377.04</u>	-	<u>873,192,140,897.72</u>
	<u>10,235,141.71</u>	<u>720,077,382.25</u>	<u>421,475,236.64</u>	<u>189,641,734.46</u>	-	<u>1,341,429,495.06</u>

3.2 Market risk

Market risk refers to the risk of fluctuation of the fair value or future cash flows of a financial instrument caused by any change in market prices. Market risks arise from open positions on different underlings, interest rate and foreign exchange rate as examples, all of which are exposed to general and specific market movements.

The Bank monitor dedicated separates market risk indicators for trading and non-trading portfolios.

Currently, Market Risk Management Department takes responsibility for monitoring and controlling the market risk of both trading and non-trading books. Market Risk Department reports directly to Regional Market Risk Department and to Local Chief Risk Officer of the Bank at the same time. Market Risk Department is independent from traders of front office. The Market Risk Department will timely inform the related business heads and local management on the excess/limit events and obtain required approvals for limit changes.

IX. Risk Management (continued)

3.2 Market risk (continued)

Market risk assessment techniques

At present, the Bank uses different indicators to assess the market risk in different books. For trading books, the Bank mainly refers to sensitivity analysis/limits (PV01 or IR Delta) as well as FX Delta limits, Issuer Risk and 1-Day Market VaR (Value at Risk) limits. For Banking books, the Bank assesses the interest rate gapping between assets and liabilities. The Bank has established reporting system for risk analysis and daily reports including the respective exposures are sent to the Management of the Bank.

1-Day Market Value at Risk analysis

Market VaR is the worst loss expected over a given period and within a given confidence interval time. The Bank is computing the maximum expected daily loss of a trading activity at 99% confidence level and this indicator is computed by MRX system (Market Risk System). For consolidated Global Markets Trading books, the current limit of 1-Day Market VaR stands at EUR 13,000,000 as approved by the Board of Directors as of 31 December 2024 (31 December 2023: EUR 13,000,000). The 1-Day Market VaR is only an internal indicator for risk management within the Bank as the regulatory Market Risk Capital for the entity is under standardized approach.

The table below includes the average value, the maximal value and the minimal value of 1-Day Market VaR for Global Markets Trading Books as of end of 2024 and end of 2023.

	2024		
	<u>Average</u> EUR	<u>Maximum</u> EUR	<u>Minimum</u> EUR
31 December 2024	4,156,610	6,908,897	2,068,586
	2023		
	<u>Average</u> EUR	<u>Maximum</u> EUR	<u>Minimum</u> EUR
31 December 2023	3,787,111	6,272,125	1,285,883

Stress-Tests

The potential loss beyond the confidence level cannot be well captured by the 1-Day Market VaR.

Therefore, the Bank also applies various stress-tests on a regular basis to simulate potential losses under extreme market conditions. Stress-tests results performed on trading books will provide an effective potential PnL impact as this perimeter is mark-to-market on a daily basis. For non-trading books, we can apply similar method but the results will not reflect an effective potential PnL impact as main of this perimeter is on accrued basis. Risk Management Committee will review the result of the stress-tests

IX. Risk Management (continued)

3.2 Market risk (continued)

Stress-Tests (continued)

regularly. Besides, the Bank will update the stress-tests according to the risk overview and economic conditions on a regular basis.

Derivative financial instruments

The Bank uses derivatives to provide clients with risk management solutions and manage different risk exposures faced directly by the Bank (mainly includes interest rate risk and foreign exchange risk). The value of derivatives changes depending on the change in particular interest rates, exchange rates, financial instrument prices and etc.

The Bank's main derivative financial instruments are based on derivatives trading/hedging purpose, including currency derivatives and interest rate derivatives. The Bank's derivatives mainly relates to trading activities including the sales of derivative products to customers, making it able to tolerate, transfer or reduce existing or anticipated risks as well as market making transactions on the interbank market.

3.2.1 Foreign exchange risk

Foreign exchange risk refers to the risk of potential changes in investment values caused by fluctuations in foreign exchange rates. Foreign exchange risk also refers to the potential losses on foreign exchange trading positions resulting from changes in foreign exchange rates.

The Bank mainly conducts daily business in RMB and USD. The domestic exchange rate of RMB to USD or other currencies is basically controlled by PBOC (Daily Fixing and Intraday Trading Band of +/-2%). The foreign exchange risk mainly rose from the transaction risks arising from the Bank's proprietary and agent transactions and the structure risk arising from maintaining other currency position. Based on its own risk appetite and operation level, with the support of various transaction systems and management information systems, through limit setting, controlling and enhancing the structure of assets and liabilities, utilizing the derivative financial instruments, the Bank manage and control the exchange rate risks.

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

IX. Risk Management (continued)

3.2 Market risk (continued)

3.2.1 Foreign exchange risk (continued)

Included in the table are the Bank's assets and liabilities at carrying amounts in RMB, categorized by the original currency:

2024

	<u>RMB</u>	<u>USD</u>	<u>EUR</u>	<u>Other currencies</u>	<u>Total</u>
Assets:					
Cash and deposits with the Central Bank	4,699,983,737.88	741,917,973.10	-	305,593.20	5,442,207,304.18
Deposits with banks and other financial institutions	121,062,860.05	301,419,333.86	134,716,620.10	134,113,793.58	691,312,607.59
Placements with banks and other financial institutions	4,241,560,430.69	1,504,317,675.44	270,947,551.33	24,086,978.81	6,040,912,636.27
Derivative financial assets	6,729,336,224.86	8,983,709,836.92	48,558,708.62	154,155,612.19	15,915,760,382.59
Financial assets purchased under resale agreements	-	1,441,208,893.53	-	-	1,441,208,893.53
Loans and advances	17,308,618,582.22	417,605,668.73	-	-	17,726,224,250.95
Held-for-trading financial assets	6,335,807,407.64	3,767,529,642.01	-	-	10,103,337,049.65
Debt investments	936,393,573.60	-	-	-	936,393,573.60
Other debt investments	8,457,171,587.15	-	-	-	8,457,171,587.15
Other financial assets	2,940,109,193.88	742,414,691.67	7,204,717.16	301,074,498.56	3,990,803,101.27
Financial assets total	51,770,043,597.97	17,900,123,715.26	461,427,597.21	613,736,476.34	70,745,331,386.78
Liabilities:					
Due to the Central Bank	269,030,637.50	-	-	-	269,030,637.50
Due to banks and other financial institutions	2,178,307,350.93	216,255,004.27	5,702,497.72	2,908,811,290.59	5,309,076,143.51
Takings from other banks	-	231,736,763.84	-	-	231,736,763.84
Derivative financial liabilities	10,974,727,872.59	2,614,583,043.35	626,341,383.33	691,834,848.97	14,907,487,148.24
Financial assets sold under repurchase agreements	1,800,072,014.81	-	-	-	1,800,072,014.81
Customer deposits	23,217,080,240.01	3,041,759,532.92	324,240,820.57	21,273,848.85	26,604,354,442.35
Bonds payable	7,333,350,012.18	-	-	-	7,333,350,012.18
Other financial liabilities	3,118,331,312.37	228,093,953.81	9,367,056.98	-	3,355,792,323.16
Financial liabilities total	48,890,899,440.39	6,332,428,298.19	965,651,758.60	3,621,919,988.41	59,810,899,485.59
Net position	2,879,144,157.58	11,567,695,417.07	(504,224,161.39)	(3,008,183,512.07)	10,934,431,901.19

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

IX. Risk Management (continued)

3.2 Market risk (continued)

3.2.1 Foreign exchange risk (continued)

2023

	<u>RMB</u>	<u>USD</u>	<u>EUR</u>	<u>Other currencies</u>	<u>Total</u>
Assets:					
Cash and deposits with the Central Bank	3,652,238,061.56	531,013,380.56	-	108,746.40	4,183,360,188.52
Deposits with banks and other financial institutions	150,332,505.58	524,794,514.58	331,107,277.23	102,704,747.98	1,108,939,045.37
Placements with banks and other financial institutions	6,752,408,252.12	-	-	-	6,752,408,252.12
Derivative financial assets	6,503,401,305.34	6,458,622,576.19	440,580,077.50	810,186,431.77	14,212,790,390.80
Loans and advances	12,602,181,986.67	394,509,097.75	18,305,994.75	-	13,014,997,079.17
Held-for-trading financial assets	4,768,090,182.85	495,050,838.74	-	-	5,263,141,021.59
Debt investments	1,089,599,403.57	-	-	-	1,089,599,403.57
Other debt investments	8,674,692,775.79	-	-	-	8,674,692,775.79
Other financial assets	2,533,696,980.52	690,308,115.10	6,360,314.78	-	3,230,365,410.40
Financial assets total	46,726,641,454.00	9,094,298,522.92	796,353,664.26	912,999,926.15	57,530,293,567.33
Liabilities:					
Due to the Central Bank	300,323,570.51	-	-	-	300,323,570.51
Due to banks and other financial institutions	3,175,456,225.76	117,786,172.88	5,542,995.84	2,366,873.55	3,301,152,268.03
Takings from other banks	1,015,762,222.22	241,216,497.62	-	-	1,256,978,719.84
Held-for-trading financial liabilities	557,431,746.51	-	-	-	557,431,746.51
Derivative financial liabilities	6,680,191,255.13	5,602,974,719.12	134,620,136.98	920,715,307.43	13,338,501,418.66
Financial assets sold under repurchase agreements	3,778,515,198.05	-	-	-	3,778,515,198.05
Customer deposits	13,610,308,644.21	4,675,218,605.47	264,274,698.14	5,294,373.54	18,555,096,321.36
Bonds payable	4,107,694,271.54	-	-	-	4,107,694,271.54
Other financial liabilities	526,953,435.50	92,679,634.93	5,492,814.76	627,339.17	625,753,224.36
Financial liabilities total	33,752,636,569.43	10,729,875,630.02	409,930,645.72	929,003,893.69	45,821,446,738.86
Net position	12,974,004,884.57	(1,635,577,107.10)	386,423,018.54	(16,003,967.54)	11,708,846,828.47

The following is the impact of reasonable changes in the exchange rate of foreign currency against the local currency, assuming other variables remain constant, on net profit.

	2024	2023
	Increase/ (Decrease)	Increase/ (Decrease)
Appreciation of foreign currency by 1%	60,414,658	(9,488,685)
Depreciation of foreign currency by 1%	(60,414,658)	9,488,685

The effects on net profit are primarily from the change in net position of monetary assets and liabilities, and non-monetary financial assets and liabilities measured at fair value, resulting from fluctuation in USD.

IX. Risk Management (continued)

3.2 Market risk (continued)

3.2.2 Interest rate risk

Interest rate risk refers to the potential fluctuations in the fair value of interest-bearing financial instruments and future cash flows that the Bank may face due to changes in market interest rates. The Bank monitors its interest rate risk exposure on a daily basis.

The Bank operates its business in accordance with the interest rate system stipulated by the People's Bank of China. Interest rate risk primarily arises from interest rate positions generated by proprietary and agency fixed-income securities or interest rate derivative transactions, as well as mismatch risks resulting from the maturity mismatch in the Treasury. The Bank, based on its risk-bearing capacity and operational level, utilizes various trading systems and management information systems to manage and control interest rate risk through methods such as setting position limits, strengthening the matching of asset and liability structures, and appropriately using financial derivative financial instruments.

The table below summarizes the Bank's exposures to interest rate risks which presents the Bank's assets and liabilities at carrying amounts, categorized by the earlier of contractual re-pricing or maturity dates.

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

Expressed in Renminbi Yuan

X. Risk Management (continued)

3.2 Market risk (continued)

3.2.2 Interest rate risk

2024

	Within 3 months	3 months-1 year	1-5 years	Over 5 years	Non-interest Bearing/Overdue	Total
Assets:						
Cash and deposits with the Central Bank	4,699,111,161.93	-	-	-	743,096,142.25	5,442,207,304.18
Deposits with banks and other financial institutions	691,312,607.59	-	-	-	-	691,312,607.59
Placements with banks and other financial institutions	3,298,193,828.13	2,696,323,523.03	-	-	46,395,285.11	6,040,912,636.27
Derivative financial assets	-	-	-	-	15,915,760,382.59	15,915,760,382.59
Financial assets purchased under resale agreements	1,441,024,762.52	-	-	-	184,131.01	1,441,208,893.53
Loans and advances	11,901,416,055.13	4,812,346,647.45	942,464,273.89	-	69,997,274.48	17,726,224,250.95
Held-for-trading financial assets	3,945,409,233.10	858,352,276.45	3,786,277,460.90	1,438,343,300.80	74,954,778.40	10,103,337,049.65
Debt investments	-	99,959,165.33	826,848,423.05	-	9,585,985.22	936,393,573.60
Other debt investments	3,209,049,327.86	1,387,519,037.99	3,786,150,334.61	-	74,452,886.69	8,457,171,587.15
Other financial assets	1,995,259,183.51	-	-	-	1,995,543,917.76	3,990,803,101.27
Financial assets total	<u>31,180,776,159.77</u>	<u>9,854,500,650.25</u>	<u>9,341,740,492.45</u>	<u>1,438,343,300.80</u>	<u>18,929,970,783.51</u>	<u>70,745,331,386.78</u>
Liabilities:						
Due to the Central Bank	-	268,200,000.00	-	-	830,637.50	269,030,637.50
Due to banks and other financial institutions	4,524,734,535.40	767,571,382.00	15,237,515.73	-	1,532,710.38	5,309,076,143.51
Takings from other banks	230,028,800.00	-	-	-	1,707,963.84	231,736,763.84
Derivative financial liabilities	-	-	-	-	14,907,487,148.24	14,907,487,148.24
Financial assets sold under repurchase agreements	1,800,000,000.00	-	-	-	72,014.81	1,800,072,014.81
Customer deposits	20,692,572,094.62	3,291,043,757.39	2,528,753,600.00	-	91,984,990.34	26,604,354,442.35
Bonds payable	-	4,261,054,754.52	3,034,338,973.51	-	37,956,284.15	7,333,350,012.18
Other financial liabilities	129,097,346.69	-	-	-	3,226,694,976.47	3,355,792,323.16
Financial liabilities total	<u>27,376,432,776.71</u>	<u>8,587,869,893.91</u>	<u>5,578,330,089.24</u>	<u>-</u>	<u>18,268,266,725.73</u>	<u>59,810,899,485.59</u>
Net interest re-pricing gap	<u>3,804,343,383.06</u>	<u>1,266,630,756.34</u>	<u>3,763,410,403.21</u>	<u>1,438,343,300.80</u>	<u>661,704,057.78</u>	<u>10,934,431,901.19</u>

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

Expressed in Renminbi Yuan

X. Risk Management (continued)

3.2 Market risk (continued)

3.2.2 Interest rate risk (continued)

2023

	Within 3 months	3 months-1 year	1-5 years	Over 5 years	Non-interest Bearing/Overdue	Total
Assets:						
Cash and deposits with the Central Bank	3,651,111,654.07	-	-	-	532,248,534.45	4,183,360,188.52
Deposits with banks and other financial institutions	1,108,939,045.37	-	-	-	-	1,108,939,045.37
Placements with banks and other financial institutions	2,432,394,010.45	4,082,765,632.06	198,683,040.68	-	38,565,568.93	6,752,408,252.12
Derivative financial assets	-	-	-	-	14,212,790,390.80	14,212,790,390.80
Loans and advances	9,280,947,870.40	2,661,336,703.68	1,007,160,295.74	-	65,552,209.35	13,014,997,079.17
Held-for-trading financial assets	795,139,136.47	2,215,672,256.37	1,789,037,018.28	382,229,097.22	81,063,513.25	5,263,141,021.59
Debt investments	-	199,637,779.68	876,173,126.63	-	13,788,497.26	1,089,599,403.57
Other debt investments	1,960,283,954.03	2,757,568,819.85	3,815,809,962.85	-	141,030,039.06	8,674,692,775.79
Other financial assets	1,354,866,500.00	-	-	-	1,875,498,910.40	3,230,365,410.40
Financial assets total	20,583,682,170.79	11,916,981,191.64	7,686,863,444.18	382,229,097.22	16,960,537,663.50	57,530,293,567.33
Liabilities:						
Due to the Central Bank	-	300,000,000.00	-	-	323,570.51	300,323,570.51
Due to banks and other financial institutions	1,521,046,233.47	1,459,263,000.00	301,829,444.44	-	19,013,590.12	3,301,152,268.03
Takings from other banks	740,811,800.00	500,000,000.00	-	-	16,166,919.84	1,256,978,719.84
Held-for-trading financial liabilities	-	-	557,431,746.51	-	-	557,431,746.51
Derivative financial liabilities	-	-	-	-	13,338,501,418.66	13,338,501,418.66
Financial assets sold under repurchase agreements	3,777,623,000.00	-	-	-	892,198.05	3,778,515,198.05
Customer deposits	13,616,916,866.44	4,332,982,929.46	505,680,000.00	-	99,516,525.46	18,555,096,321.36
Bonds payable	548,134,313.50	2,520,646,405.81	1,013,625,881.00	-	25,287,671.23	4,107,694,271.54
Other financial liabilities	74,781,231.24	-	-	-	550,971,993.12	625,753,224.36
Financial liabilities total	20,279,313,444.65	9,112,892,335.27	2,378,567,071.95	-	14,050,673,886.99	45,821,446,738.86
Net interest re-pricing gap	304,368,726.14	2,804,088,856.37	5,308,296,372.23	382,229,097.22	2,909,863,776.51	11,708,846,828.47

IX. Risk Management (continued)

3.2 Market risk (continued)

3.2.2 Interest rate risk (continued)

The following is the impact of reasonable changes in interest rates, assuming other variables remain constant, on net profit.

<u>Item</u>	2024	2023
	Increase/ (Decrease)	Increase/ (Decrease)
Appreciate by 25 basis points	23,232,448	9,681,240
Depreciate by 25 basis points	(23,232,448)	(9,681,240)

The above impact on net profit includes the impact of change in net interest income.

The Bank believes the assumption does not represent the Bank's policy on use of funds and interest rate risk management. As a result, the above impact may be different from the real situation.

X. Capital management

The capital management of the Bank focus on the capital adequacy ratio and return on invested capital, aiming to satisfy the requirements of external regulatory and shareholder returns, and to increase total assets and enhance risk management. In accordance with “Administrative Measures for the Capital of Commercial Banks” (NFRA 2023 [4]) enforced by 1 January 2024, combining the regulator requirements and the Bank’s risk condition, the Bank determined capital adequacy ratio target in a prudent manner, and to ensure management target was met through position management and several other means.

NFRA requires commercial banks to meet the relevant capital adequacy requirements. NFRA requires that its core tier one capital adequacy ratio should not be lower than 7.5%, the tier one capital adequacy ratio should not be less than 8.5%, and the capital adequacy ratio should not be lower than 10.5%.

The weighted risk assets in the balance sheet are calculated using different risk weights. The risk weights are determined according to each asset, the counterparty’s credit, market and other related risks, and the impact of qualified mortgages and guarantees are also considered. Off-balance sheet exposures are also calculated using the same method and are adjusted for their contingent characteristics. The counterparty credit risk-weighted assets of OTC derivatives transactions include the counterparty default risk-weighted assets and the credit valuation adjustment risk-weighted assets. Market risk-weighted assets are measured according to standard methods. Operational risk-weighted assets are measured according to the basic indicator method.

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

X. Capital management (continued)

The scope of capital adequacy ratio calculation includes all domestic institutions, and the Bank has no oversea institution. As of 31 December 2024, capital adequacy ratio statistics based on the Bank's regulatory report were as follows:

	2024 RMB'000
The core tier one capital	10,999,420
Paid-in capital	8,711,348
Other comprehensive income	47,676
Surplus reserve	701,074
General reserve	659,373
Retained earnings	<u>879,949</u>
The core tier one capital deduction	
Intangible assets after deferred tax liability adjustment	<u>41,990</u>
Net core tier one capital	<u>10,957,430</u>
Net tier one capital	<u>10,957,430</u>
Tier two capital	
Loan provision exceed regulator limits	<u>400,960</u>
Net capital	<u>11,358,390</u>
Risk weighted assets	71,289,119
Credit risk weighted assets	50,781,257
Market risk weighted assets (1)	18,013,000
Operational risk weighted assets	2,494,862
The core tier one capital adequacy ratio	<u>15.4%</u>
Tier one capital adequacy	<u>15.4%</u>
Capital adequacy ratio	<u>15.9%</u>

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

X. Capital management (continued)

(1) Market risk weighted assets

	2024 RMB'000
Total market risk capital requirement (standard method)	1,441,040
Capital requirements under the sensitivity-based approach	1,265,906
Default risk capital requirements	80,213
Residual risk additional capital requirements	<u>94,921</u>
Market risk weighted assets	<u>18,013,000</u>

The Bank calculate the leverage ratio in accordance with “Administrative Measures for the Capital of Commercial Banks ” (NFRA 2023 [4]) enforced by 1 January 2024. As of 31 December 2024, leverage ratio statistics based on the Bank’s regulatory report were as follows:

	2024 RMB'000
Net tier one capital	10,957,430
Adjusted balance of assets on the balance sheet	53,847,049
Balance of derivative assets	14,368,392
Balance of assets in bond financing transactions	1,441,209
Adjusted balance of assets off the balance sheet	<u>13,604,216</u>
Leverage ratio	<u>13.2%</u>

XI. Fair value

The Bank established a market risk management system, by building an internal control framework using fair value measurement as basis, in order to meet the needs of internal management and information disclosure. The Bank also made gradual and systematic improvement to its market risk system management, by grouping all related departments from front, middle and back office, so as to adequately cover all procedures in collection, measurement, monitoring and assessment of fair value of financial instruments. When determining the fair value of financial instruments, the Bank considers the market price as the best approximation of the fair value of financial instruments for which there is an active market. For financial instruments of which the market does not exist, the Bank results from generally accepted valuation models with observable market index or third party quoted price reviewed by risk management department to determine the fair value of these financial assets and financial liabilities.

Financial assets and financial liabilities of the Bank mainly includes: Deposits with the Central Bank, due from banks and other financial institutions, placements with banks and other financial institutions, derivative assets, assets purchased under resale agreements, loans and advances, financial assets held for trading, debt investments, other debt investments, other receivables, due to the Central Bank, takings from other banks, due to banks and other financial institutions, held for trading financial liabilities, derivative liabilities, financial assets sold under repurchase agreements, customer deposits, bonds payable, account payables, etc.

Except for the following financial assets and liabilities, the fair value of the Bank's financial assets and liabilities are based on market price.

(1) Deposits with the Central Bank, due from banks and other financial institutions, placement with banks and other financial institutions, financial assets purchased under resale agreements, debt investments, other receivables, due to the Central Bank, due to banks and other financial institutions, takings from other banks, held for trading financial liabilities, financial assets sold under repurchase agreements, bonds payable and other payables.

Given that maturities of these financial assets and liabilities are mostly either short-term or re-priced more than once every year; the carrying amount approximates the fair value.

(2) Loans and advances

Because the loan interest rates follow the movement of PBOC benchmark interest rates, and interest rates for loans denominated in foreign currencies are generally floating rates, fair value of loans is close to carrying value. Expected cash flows are discounted at current market rates to determine fair value.

XI. Fair value (continued)

(3) Customer deposits

The fair value of check, savings and short-term money market accounts are the amount payable on demand at the reporting date. The estimated fair value of fixed interest-earning deposits and placements without quoted market price is based on discounted cash flows using interest rates for existed debts with similar remaining maturity.

The fair value of the customer deposits is approximate to their carrying amount because the majority of customer deposits of fixed interest rate are with maturity less than one year.

Fair value estimation is made on a specific time point according to the related market information and the information related with financial instrument. In the situation of existence of active market, such as the authorized stock exchange, market price best reflects the fair value of the financial instrument. While lacking active market, the fair value is estimated by using valuation technology (for details, please refer to Note III).

The fair value of financial asset and liability is measured by the following methods:

- The fair value of financial asset and liability with standard terms and conditions in active market is measured by the existing bid price and ask price in the related active market;
- The fair value of the other financial asset and liability (excluding derivative financial instrument) is measured by the common pricing model on basis of the discounted future cash flow or the existing market price in the observable market;
- The fair value of the derivative financial instrument is measured by public quoted price in the active market. If the public quoted price does not exist, the fair value of the derivative financial instrument with no options is measured by discounted future cash flow on basis of the applicable yield curve; the fair value of the derivative financial instrument with options is measured by option pricing model (such as binomial model).

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

XI. Fair value (continued)

1. The financial assets and financial liabilities measured at fair value by the above three levels are analysed below

2024

	Input value used in the fair value measurement			Total
	Active market quotes (Level 1)	Important observable input values (Level 2)	Important unobservable input values (Level 3)	
Assets:				
Derivative assets	-	15,915,760,382.59	-	15,915,760,382.59
Held-for-trading financial assets	-	10,103,337,049.65	-	10,103,337,049.65
Other debt investments	-	8,457,171,587.15	-	8,457,171,587.15
Financial assets total	-	<u>34,476,269,019.39</u>	-	<u>34,476,269,019.39</u>
Liabilities:				
Derivative liabilities	-	14,907,487,148.24	-	14,907,487,148.24
Bonds payable	-	3,034,338,973.51	-	3,034,338,973.51
Financial liabilities total	-	<u>17,941,826,121.75</u>	-	<u>17,941,826,121.75</u>

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

XI. Fair value (continued)

2023

	Input value used in the fair value measurement			Total
	Active market quotes (Level 1)	Important observable input values (Level 2)	Important unobservable input values (Level 3)	
Assets:				
Derivative assets	-	14,212,790,390.80	-	14,212,790,390.80
Held-for-trading financial assets	-	5,263,141,021.59	-	5,263,141,021.59
Other debt investments	-	8,674,692,775.79	-	8,674,692,775.79
Financial assets total	-	28,150,624,188.18	-	28,150,624,188.18
Liabilities:				
Derivative liabilities	-	13,338,501,418.66	-	13,338,501,418.66
Held-for-trading financial liabilities	-	557,431,746.51	-	557,431,746.51
Bonds payable	-	1,509,449,116.58	-	1,509,449,116.58
Financial liabilities total	-	15,405,382,281.75	-	15,405,382,281.75

No transition of fair value measurement of the Bank's assets and liabilities between different levels in 2024 and 2023.

The quantitative information of fair value measurement in Level 2:

	2024		
	Fair Value	Valuation Technique	Input Value
Held-for-trading financial assets	10,103,337,049.65	Discounted future cash flow	Yield curve
Other debt investments	8,457,171,587.15	Discounted future cash flow	Yield curve
Derivative assets/ (liabilities)	15,915,760,382.59 (14,907,487,148.24)	Discounted future cash flow	Forward exchange rate Yield curve Fluctuation rate of exchange rate Strike price
Bonds payable	3,034,338,973.51	Discounted future cash flow	Yield curve

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

XI. Fair value (continued)

	2023		
	Fair Value	Valuation Technique	Input Value
Held-for-trading financial assets	5,263,141,021.59	Discounted future cash flow	Yield curve
Other debt investments	8,674,692,775.79	Discounted future cash flow	Yield curve
Derivative assets/ (liabilities)	14,212,790,390.80 (13,338,501,418.66)	Discounted future cash flow	Forward exchange rate Yield curve Yield curve Fluctuation rate of exchange rate Strike price
Held-for-trading financial liabilities	557,431,746.51	Discounted future cash flow	Yield curve
Bonds payable	1,509,449,116.58	Discounted future cash flow	Yield curve

2. The hierarchy of fair value of the asset and liability not measured but disclosed by fair value

The financial assets and liabilities not measured by fair value on the balance sheet mainly includes: deposits with the Central Bank, deposits with banks and other financial institutions, placements with banks and other financial institutions, financial assets purchased under resale agreements, loans and advances, debt investments, other receivables, due to central bank, due to banks and other financial instrument, takings from other banks, financial assets sold under repurchase agreement, customer deposits, bonds payable and other payables, etc. Given that the maturity date or re-priced date of most of the financial assets and liabilities are within one year, management of the Bank believes the carrying amount approximates the fair value.

XII. Events after the balance sheet date

As at the date on which the financial statements are approved, there is no material post balance sheet event that needs to be disclosed or adjusted by the Bank.

XIII. Comparative amounts

Certain comparative amounts have been reclassified to conform to the current year's presentation and accounting treatment.

XIV. Issuance of the financial statements

The financial statements of the Bank were approved for issuance by the board of the directors of BNP Paribas (China) Limited on 11 April 2025.

The following parts are not the components of the audited financial statements.

BNP PARIBAS (CHINA) LIMITED
NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2024

BNP PARIBAS (CHINA) LIMITED.

Supplementary information

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Supplementary information I	Balance sheet as at 31 December 2024 by CNY and FCY business
Supplementary information II	Income statement for the year ended 31 December 2024 by CNY and FCY business
Supplementary information III	Taxable income reconciliation for the year ended 31 December 2024

The information above is provided by the Bank's management.

SUPPLEMENTARY INFORMATION I
BALANCE SHEET AS AT 31 December 2024 (Expressed in Renminbi Yuan)

Assets	2024			
	RMB business	Foreign currency business	Elimination	Total
Cash and deposits with the Central Bank	4,699,983,737.88	742,223,566.30	-	5,442,207,304.18
Precious metals	61,507,736.61	-	-	61,507,736.61
Deposits with other banks and financial institutions	81,192,143.59	610,120,464.00	-	691,312,607.59
Placements with banks and other financial institutions	4,243,981,263.77	1,796,931,372.50	-	6,040,912,636.27
Due from inter-branches	7,898,742,382.17	1,164,814,684.67	(9,063,557,066.84)	-
Derivative assets	5,371,791,064.71	10,600,252,253.07	(56,282,935.19)	15,915,760,382.59
Loans and advances	17,310,871,873.57	415,352,377.38	-	17,726,224,250.95
Held-for-trading financial assets	6,335,812,764.07	3,767,524,285.58	-	10,103,337,049.65
Other debt investments	8,457,171,587.15	-	-	8,457,171,587.15
Debt investments	936,393,573.60	-	-	936,393,573.60
Financial assets purchased under resale agreements	-	1,441,208,893.53	-	1,441,208,893.53
Fix assets	-	46,879,106.64	-	46,879,106.64
Right-of-use assets	-	110,433,605.48	-	110,433,605.48
Intangible assets	-	41,989,721.27	-	41,989,721.27
Deferred tax assets	(15,882,544.30)	209,299,596.85	-	193,417,052.55
Other assets	<u>4,464,664,562.74</u>	<u>(386,461,755.77)</u>	<u>(40,949,908.83)</u>	<u>4,037,252,898.14</u>
Total assets	<u>59,846,230,145.56</u>	<u>20,560,568,171.50</u>	<u>(9,160,789,910.86)</u>	<u>71,246,008,406.20</u>

SUPPLEMENTARY INFORMATION I
BALANCE SHEET AS AT 31 December 2024 (Expressed in Renminbi Yuan)

**Liabilities and
Shareholders' equity**

2024

	RMB business	Foreign currency business	Elimination	Total
Liabilities				
Due to the Central Bank	269,030,637.50	-	-	269,030,637.50
Due to other banks and financial institutions	1,618,157,350.93	3,690,918,792.58	-	5,309,076,143.51
Takings from other banks	-	231,736,763.84	-	231,736,763.84
Derivative liabilities	5,238,320,829.84	9,725,449,253.59	(56,282,935.19)	14,907,487,148.24
Due to inter-branches	7,898,742,382.17	1,164,814,684.67	(9,063,557,066.84)	-
Financial assets sold under repurchase agreements	1,800,072,014.81	-	-	1,800,072,014.81
Customer deposits	23,217,080,240.01	3,387,274,202.34	-	26,604,354,442.35
Payable to employees	354,730.49	170,285,602.60	-	170,640,333.09
Tax payable	49,293,572.27	50,910,708.96	-	100,204,281.23
Accrued liabilities	2,624,480.28	5,763,422.96	-	8,387,903.24
Lease liabilities	-	133,873,544.98	-	133,873,544.98
Bonds payable	7,333,350,012.18	-	-	7,333,350,012.18
Other liabilities	<u>2,519,305,495.93</u>	<u>900,020,771.92</u>	<u>(40,949,908.83)</u>	<u>3,378,376,359.02</u>
Total liabilities	<u>49,946,331,746.41</u>	<u>19,461,047,748.44</u>	<u>(9,160,789,910.86)</u>	<u>60,246,589,583.99</u>
Owners' equity				
Paid-in capital	8,711,347,906.00	-	-	8,711,347,906.00
Other comprehensive income	47,675,597.05	-	-	47,675,597.05
Surplus reserve	260,926,203.57	440,147,406.39	-	701,073,609.96
General reserve	-	659,373,016.67	-	659,373,016.67
Retained earnings	<u>879,948,692.53</u>	<u>-</u>	<u>-</u>	<u>879,948,692.53</u>
Total owners' equity	<u>9,899,898,399.15</u>	<u>1,099,520,423.06</u>	<u>-</u>	<u>10,999,418,822.21</u>
Total liabilities and owners' equity	<u>59,846,230,145.56</u>	<u>20,560,568,171.50</u>	<u>(9,160,789,910.86)</u>	<u>71,246,008,406.20</u>

The above balance sheet is for regulators' reference only and does not form part of the financial statements.

SUPPLEMENTARY INFORMATION II
INCOME STATEMENT FOR THE YEAR ENDED 31 December 2024 (Expressed in Renminbi Yuan)

	2024			
	RMB business	Foreign currency business	Elimination	Total
Operating income	(27,543,587.05)	1,484,513,432.42	-	1,456,969,845.37
Net interest income	194,260,925.47	96,615,348.85	-	290,876,274.32
Interest income	980,672,944.66	415,188,430.62	(327,763,236.63)	1,068,098,138.65
Interest expense	786,412,019.19	318,573,081.77	(327,763,236.63)	777,221,864.33
Net fee and commission income	55,580,440.97	324,456,543.96	-	380,036,984.93
Fee and commission income	80,282,572.06	433,176,691.14	(49,561,986.15)	463,897,277.05
Fee and commission expense	24,702,131.09	108,720,147.18	(49,561,986.15)	83,860,292.12
Investment gains	101,016,129.13	151,047,447.30	-	252,063,576.43
Fair value (losses)/gains	(142,717,699.89)	216,098,517.06	-	73,380,817.17
Foreign exchange (losses)/gains	(236,109,157.37)	695,906,603.19	-	459,797,445.82
Losses on disposal of assets	-	(2,461.37)	-	(2,461.37)
Other income	425,774.64	391,433.43	-	817,208.07
Operating expenses	524,391,479.69	479,234,707.61	-	1,003,626,187.30
Tax and surcharges	12,000,526.65	866,551.02	-	12,867,077.67
General and administrative expense	414,128,068.21	487,559,994.66	-	901,688,062.87
Credit impairment losses/(reversals)	96,763,760.32	(9,191,838.07)	-	87,571,922.25
Other expenses	1,499,124.51	-	-	1,499,124.51
Operating profit	(551,935,066.74)	1,005,278,724.81	-	453,343,658.07
Add: Non-operating income	-	9,620.84	-	9,620.84
Less: Non-operating expense	-	99,808.08	-	99,808.08
Total profit	(551,935,066.74)	1,005,188,537.57	-	453,253,470.83
Less: Income tax expenses	(40,236,236.09)	(21,273,786.49)	-	(61,510,022.58)
Net (loss)/profit	(592,171,302.83)	983,914,751.08	-	391,743,448.25

The above income statement is for regulators' reference only and does not form part of the financial statements.

SUPPLEMENTARY INFORMATION III

TAXABLE INCOME RECONCILIATION FOR YEAR ENDED 31 DECEMBER 2024 (Expressed in Renminbi Yuan)

	2024
Total revenue	453,253,470.83
Tax adjustment:	
Revenue of deemed sales	552,698.55
Cost of deemed sales	(551,528.08)
Interest income of bonds issued by Chinese government	(252,188,895.37)
Expenses without legal voucher	1,291,119.18
Business insurance paid for employees	2,893,521.85
Individual income tax borne by the bank	2,825,029.60
Business hospitality	869,535.56
Deposit Insurance	6,250,893.10
Supplementary pension plan	17,990,627.16
Directors and supervisors' high liability insurance	18,165.95
Fair value changes in held-for-trading financial assets	(333,772,275.46)
Fair value changes in held-for-trading financial liabilities	(1,698,251.64)
Fair value changes in bonds payable	20,775,075.51
Fair value changes in derivative financial assets	433,702,300.53
Fair value changes in gold leasing	104,833.79
Accrued salary and bonus	14,494,613.71
Accrued expenses	(133,889,620.71)
Loss allowance for other assets	7,774,423.59
Loss provision for deposits with other banks	90,681.10
Loss provision for debt investments	(996,682.07)
Loss provision for other debt investments	(186,092.96)
Deferred interest income	(4,990,311.31)
Amortization of intangible assets	3,778,207.65
Loss provision on loans and advances	69,327,813.46
Provision for contingent liabilities	(18,537,807.70)
Social insurance paid for foreign employees	2,071,396.17
Individual income tax paid for clients	91,921.35
Individual income tax paid for employees	2,589,269.75
Personnel education fund	248,260.13
Depreciation of right-of-use assets	28,809,969.40
Interest expenses on lease liabilities	5,333,115.05
Rentals paid for lease liabilities	(31,659,581.26)
Taxable income	296,665,896.41
Income tax rate	25%
Total tax in 2024	74,166,474.10

Note: In accordance with tax authorities' requirement, the Bank prepared the taxable income reconciliation form. This table is for the tax authorities' reference only, and does not form part of the financial statements.

III. Risk Management

PART I: RISK SITUATION

1. Credit Risk

1.1 Financial Institutions Credit Risk

1.1.1 Key risks encountered by BNPP China Ltd

Financial institutions counterparty credit risk is one of key risk types in BNPP China. In our portfolio, the counterparty types include sovereign entities, banks, securities firms, insurance companies, financial leasing companies, central clearing house, etc.; and the main credit activities with those financial institutions include global market, trade finance, financing, ALM business, etc.

Amid lower interest rate environment in 2024, financial institutions still face the pressure in profitability due to narrowed NIM and the challenge of how to diversify the non-interest income. Credit divergence among individual institutions has further widened. In addition, the extended correction in China property market and control of local government's hidden debt risk may increase the uncertainty of the financial institutions' asset quality.

The overall credit quality of our financial institution portfolio remained steady in 2024. The counterparty exposure in the Bank mainly comes from large and leading financial institutions, whose financials are highly resilient even in stressed situations. Meanwhile, amidst various credit and market headwinds in 2024, RISK Markets & Financial Institutions Counterparty & Credit Risk Credit Team (RISK MFI CCR CREDIT), has worked closely with Financial Institutions Coverage Team (FIC) to complete regular reviews and keep a close watch on the portfolio with necessary credit action in response to major warning signals in order to ensure the credit quality of the portfolio.

1.1.2 Identified risks incidents in 2024, if any (background & outcome)

By end-2024, credit assets from financial institution counterparties under coverage of RISK MFI CCR CREDIT remained steady with no new non-performing assets.

1.1.3 Main accomplishments and corrective measures taken by the Bank in 2024

In 2024, RISK MFI CCR CREDIT and FIC, with joint efforts, have completed full annual reviews, accompanied by strengthened monitoring/assessment on the macro, market and sector evolution, and counterparties' credit profile, to ensure steady credit quality of the portfolio with prompt credit action (if needed) upon early warning signals, market negative news and regulation change.

- RISK MFI CCR CREDIT and FIC have completed the annual reviews for financial institutions and sovereigns in our portfolio, and continued closely monitoring counterparties credit evolution, particularly for the weaker counterparties, to ensure prompt credit review and action in case of adverse signs.
- The Bank enhanced the reviews of counterparties and relevant products in response to adverse market events (e.g. global geopolitical tensions, China property sector risks, etc.), to ensure the credit quality of the portfolio.
- Through various counterparty credit risk monitoring indicators and establishment of relevant risk management guideline for key derivatives products to further strengthen the counterparty credit risk management.
- The Bank ensured the reporting to local management on regular basis or in due time if needed, and reporting to the Board regularly through Risk Management Committee on the major risk issues, existing portfolio, exposure, and credit quality of all counterparties under our coverage.
- Stress tests have been performed on the counterparty credit risk with the assessment on the impact to BNPP China's Capital Adequacy Ratio.

1.1.4 Overall assessment and risk evolution in 2024

The counterparty credit quality of the financial institutions (under RISK MFI CCR CREDIT coverage) remained good with no new non-performing assets in 2024. Existing non-performing asset is from other receivables (amount eqv. to CNY2.07mio, 100% provisioned). With continued effort of close monitoring and reviewing the macro, market and sector evolution, the counterparties' credit evolution, as well as prudent selection of new credit-boarding names, the quality of financial institutions portfolio has remained steady.

1.2 Corporate Credit Risk

1.2.1 Key risks encountered by the BNPP China Ltd

The credit risk of Corporate clients is one of the key risks encountered by BNPP China. Our clients are primarily large local Corporates including state-owned enterprises (SOEs), private-owned enterprises (POEs) with leading position and the Chinese subsidiaries of multinational corporations (MNCs). Our product offering includes financing, trade services, global markets (FX/IR/Commodity hedging) and cash management.

In 2024, under the influence of multiple factors such as the slowdown of the global economic growth, geopolitical tensions, weak domestic demand and consumer confidence, corporate borrowers continued to face increasing external challenges, which put pressure on the overall credit risk. The overall credit profile of the Bank's Corporate portfolio remained healthy in 2024, with risk exposure of investment grade Corporates accounting for 81% of total Corporate exposure, according to the latest RMC report.

In view of the above, the Bank continues prudent client selection and focuses on the winners in promising industries. Meanwhile, we keep vigilant on the industries facing overcapacity (especially companies that are highly leveraged with weak profitability and negative cash flow) and the risks when they expand overseas (trade barrier, geopolitical risk). For the real estate sector, business focus remains on managing and reducing existing exposure and no new origination in principle. With regards to the MNCs, specific attention are paid to any changes in their China strategy and level of support to subsidiaries. The Bank places emphasis on vigilant due diligence and Know Your Client as pre-conditions of underwriting credit and strictly follows credit approval process/delegation. Geopolitical risk analysis is critical in today's environment and has been fully integrated into credit proposals. The Bank sticks to ongoing post-drawdown monitoring thru various means such as annual review, NFRA asset classification quarterly review, daily client monitoring, and targeted portfolio review in order to timely detect early warning signals and identify Watchlist names, ensure appropriate and timely actions are taken to reduce risk exposure if necessary and ensure the quality of our portfolio.

1.2.2 Identified risk incidents in 2024

The quality of the Corporate portfolio remained overall stable in 2024. As of FYE2024, non-performing loan ratio was 0.56%, being a working capital loan outstanding of RMB 102m granted to a subsidiary belonging to a state-owned group in Shanghai, that was further downgraded from "special mention" to "substandard" in Q4 2024 (reported to NFRA). The client currently maintains a monthly repayment of principal and interests no less than RMB 2.5m.

For those clients with weak internal ratings, we continued to conduct enhanced quarterly review of NFRA asset classification to monitor their updated financials and market news, to identify early warning signals, when necessary, pro-actively downgrade relevant clients to "Special Mention" or place them on "Watchlist" for closer monitoring and adopt timely measures to manage risk. For foreign-invested companies negatively impacted by restructuring of parent company/group or deterioration of financial performances, we also actively communicated with relevant Pilot sites to obtain support such as SBLC and/or funding support (including new equity or shareholder's loan), through negotiation with respective parent companies, to reduce our risk exposure and negotiate repayment/exit plan.

Concerning the volatility of FX/commodity market, we keep tracking the positions (with our bank) of the FX/CIT clients and review big mark-to-market movements, and take proper monitoring/action plan as necessary. Up to now, the relevant risk has been reasonably controlled and closely monitored.

On industry distribution & concentration, Automotive (manufacturer) was the top 1 sector for the Bank, which contributed 15% of total Corporate exposure, with acceptable overall credit profile (mostly rated investment grade). The industry concentration is regularly reported to the local management, and closely monitored (rebalanced when necessary) during daily utilization/portfolio management. The bank has no exposure to Chinese local Government Financing Vehicles. Meanwhile, the Bank's exposure on real estate sector has been limited and showing a decreasing trend, which contributed 2% of total loan outstanding as of FYE2024. Our borrowers are mainly subsidiaries of top multi-national developers with sufficient mortgage, and benefit from parent support.

1.2.3 Corrective measures taken by the bank

From management perspective, Country Management of the Bank has kept a close dialogue with regulator to exchange the view on risk evolution of our portfolio. The Bank firmly believes that in-depth due diligence process and an effective risk monitoring framework are two key successful factors for the Bank to weather market downturn/challenges.

We continue to periodically update and enhance the policy & procedures on managing corporate credit risk, mainly to better fit the regulatory requirement/increasingly challenging macro and micro market situation. New regulations are given a high priority. The Bank has implemented the NFRA "Measures for the Risk Classification of Financial Assets of Commercial Banks" and established relevant internal procedure effective 1st July 2023. In 2024, the Bank completed the relevant work for implementing the new "Three Measures on Fixed Asset Loan, Working Capital Loan and Personal Loan Management" (where applicable). The relevant internal procedures including "Bank's Responsibilities in Administering Fixed Asset Loans Granted to Clients" and "Bank's Responsibilities in Administering Working Capital Loans Granted to Clients" have been updated.

Besides, to timely track the impact on the Bank's asset quality and capital adequacy led by the changing economic environment in China, we also continued to conduct different portfolio reviews for specific events in 2024 (such as geo-political risk), client portfolio (such as SOEs, "Ten Prohibitions", steel industry, solar industry), and product portfolio (such as FX/CIT), enhanced the frequency for periodic review of companies with higher risk, and enhanced the stress test by adding scenarios to reflect the current complicated economic environment.

1.2.4 Overall assessment and risk evolution in 2024

In 2024, while a non-performing loan was incurred (working capital loan to a subsidiary of a Shanghai SOE), the impact on asset quality remains manageable. The Bank will continue to implement strict client selection, in-depth due diligence and prudent risk monitoring, identify problems early and take timely measures to control/mitigate risk, so as to ensure the steady development of Corporate business.

1.3 Loan provision rate and provision coverage ratio

Loan provision rate in 2024 is 2.58% (2023: 2.69%) and there is one non-performing loan by the end of 2024, which amount is 102,000,000 CNY. Non-performing loan ratio is 0.56%. According to CBIRC <Notice on the supervision requirements on 2024's loan loss provision for BNPP China Ltd>, the required provision coverage ratio shall no lower than 120% and loan provision rate shall no lower than 1.5%.

2. Market Risk

The market environment remained challenging in 2024. Major developed economies entered rate cut cycle, the US-CN monetary policy differential was expected to converge, while the global economic

growth slow-down and uncertainty from geopolitical tension continued. Domestically, China economy showed downward pressure in Q2-Q3 and rebounded in Q4. Facing internal and external uncertainties, Chinese government insisted on stabilizing expectations and growth, as well as preventing risks. During the year, PBOC cut RRR by 1%, 1Y LPR by 35bps, 5Y LPR by 60bps, 7D reverse repo rate by 30bps, and 1Y MLF by 50 bps. At year end, Central Economic Work Conference set the tone of monetary policy as "moderately loose". The government is expected to cut the RRR and interest rates when considered proper, focus on lifting domestic demand, stabilizing expectations, and maintaining the resilience and vitality of economy. FX side, PBOC continued to call for stable and two-way currency movements for onshore USDRMB. RMB depreciated by 3% against USD in the year.

During this period of volatile market, RISK Markets & Financial Institutions – Market and Liquidity Risk (MFI-MLR) team, on top of strictly following the current market risk management framework, also kept a very close communication with Trading on daily basis to ensure the safeness of the market risk limits and keeping the overall exposures under control. In the meantime, RISK MFI-MLR has always kept senior management of the bank in the loop in case of any risk event happened.

The set of permanent limits used by BNPP (China) Ltd. is in line with the Group's set of limits and has been validated by the Board of the BNPP (China) Ltd. All limit events have also been reviewed and ratified by the Board of Directors.

The set of market risk limits for BNPP (China) Ltd relates to two part of businesses: ALM Treasury (mainly Banking Books) and Global Markets (mainly Trading Books). Trading Books limits are covering the main risks that BNPP (China) Ltd. is facing, including Interest Rate (PV01 by tenor, currency and net ceiling + Basis Spreads), FX (Nominal Limits), Issuer Risk, 1-Day Market VaR limit. Banking Books limits have been set-up mainly on Interest Rate gapping by currency.

Market risk refers to the risk of fluctuation of the fair value or future cash flows of a financial instrument caused by any change in market prices. Market risks arise from open positions on different underlings, interest rate and foreign exchange rate as examples, all of which are exposed to general and specific market movements. Commodities risk arises from changes in the market prices and volatilities of commodities and/or commodity indices. Credit spread risk arises from the change in the credit quality of an issuer and is reflected in changes in the cost of purchasing protection on that issuer. Option products carry by nature volatility and correlation risks, for which risk parameters can be derived from option market prices observed in an active market.

In 2024, there was no market risk incident related to BNPP (China) Ltd. transactions.

Main Market Risk exposure for BNPP (China) Ltd. remains concentrated on RMB and USD for both activities Global Markets and ALM Treasury.

1-Day Market Value at Risk analysis

Market VaR is the worst loss expected over a given period of time and within a given confidence interval time. The Bank is computing the maximum expected daily loss of a trading activity at 99% confidential level. A rolling window of historical market data is used to calibrate the VAR time series simulation. The 1-Day Market VaR is only an internal indicator for risk management within the Bank as the regulatory Market Risk Capital for the entity is under standardized approach. RISK MFI-MLR team conducts a VaR backtesting exercise on BNPP China trading activities on daily basis.

The table below includes the 2023 and 2024 average value, 2024 maximal value and minimal value, end of 2023 and end of 2024 value of 1-Day Market VaR for Global Markets Trading Books, including breakdown by risk type.

VALUE AT RISK (ONE-DAY, 99%) - BREAKDOWN BY RISK TYPE

<i>In millions of euros</i>	Year to 31 Dec. 2024			31 December	Year to 29 Dec. 2023	29 December
	Minimum	Average	Maximum	2024	Average	2023
Interest rate risk	1.4	3.4	5.0	2.3	3.4	4.3
Credit risk	0	0	0.3	0.1	0	0
Foreign exchange risk	0.4	2.1	5.3	3.5	1.6	0.6
Equity price risk	0	0.1	0.8	0.3	0	0
Commodity price risk	0	0.0	0.1	0.0	0	0
Netting Effect ^(*)	0.3	-1.5		-2.2	-1.4	-0.7
TOTAL VALUE AT RISK	2.1	4.2	6.9	4.1	3.8	4.3

^(*) Note that the minimum and maximum figures shown above for the various risk types are computed on a standalone basis (i.e. independently from each other as well the total VaR). While the minimum or maximum for each risk type may not necessarily be observed on the same date, minimum/maximum Netting Effect are not considered relevant. For minima and maxima, total VaR cannot be read as the sum of VaR by risk type.

Stress-Tests

The potential loss beyond the confidence level cannot be well captured by the 1-Day Market VaR. Therefore, the Bank also applies various stress tests on a regular basis to simulate potential losses under extreme market conditions. Stress test results performed on trading books will provide an effective potential PnL impact as this perimeter is marked-to-market on a daily basis. Risk Management Committee will review the result of the stress test regularly. Besides, the Bank will update the stress test according to the risk overview and economic conditions on a regular basis.

The market risk stress test as of end of December 2024 shows that BNP Paribas (China) Ltd. trading books could face a largest potential loss of -324mio RMB. After absorbing this market risk stress test impact, the Capital Adequacy Ratio (CAR) will still be above the 10.5% regulatory requirement. No need to trigger any contingency plan.

3. Liquidity Risk

Overall, 2024 was a quite challenging year due to subdued economic growth, in a context of domestic and overseas constraints. PBOC cut 5-year LPR by 25 bps in the first quarter, followed by 50 bps cut in RRR. For the full year PBOC cut RRR by 100 bps, 7d OMO rate by 30 bps, 1-year LPR by 35 bps, 5-year LPR by 60 bps, and 1-year MLF rate by 50 bps. In 2024, PBOC downplayed the role of MLF in monetary policy and initiated new types of operations like outright reverse repo, CGB purchase and sale in the OMO, in a bid to adjust the market liquidity and shape of the bond yield curve. In addition to those operations, PBOC also advised commercial banks to adjust their interest rates on outstanding mortgage loans. All those operations led to lower interbank interest rates in 2024, where we saw 3M SHIBOR falling by 84 bps to close the year at 1.69% and 1Y SHIBOR falling by 88 bps to close at 1.71 – this move supported greatly the real economy.

In 2024, regardless of the market turbulence, BNPP (China) Ltd. always maintained a sound liquidity profile.

4. Interest Rate Risk in the Banking Book

Interest Rate Risk in the Banking Book ('IRRBB') is the risk of incurring a loss as a result of the mismatches in interest rate, maturities or nature between assets and liabilities, IRRBB arises in non-trading portfolios and primarily relates to global interest rate risk. Interest rate risk in the Banking Book for BNP Paribas (China) Ltd is monitored and kept within defined bounds. It is managed at local level under the supervision of the BNP Paribas group.

5. Country Risk

The Bank adopted a pragmatic approach to Country Risk Management. As of Dec 2024, the Bank approved Country Risk Limits for 53 countries (+3 new versus last year). For smaller countries with lower Internal Country Rating, the limits are contained at a reasonable level based on actual and projected

utilization presented by Business units and considering of the business strategy as well as Internal Country Rating of the respective countries.

From Country risk limit monitoring and control perspectives, further enhancement was made via deployment of daily country risk database. Business units as well as middle and back-office teams could check the adequacy of limit via the daily country risk database before executing any transaction. There was one country risk excess happened during this year, the country risk limit and the limit increase requests were approved by the Board on Sep, 2024 and Dec, 2024 respectively.

Regarding country risk rating classification and provision, the Bank's Internal Country Rating is mapped with NFRA country risk rating classification to ensure adequate country risk provision was made. The Bank has made adequate country risk provision in the year of 2024.

As for the regulatory country risk reporting, the Bank reports its overseas assets and country risk provision coverage to NFRA quarterly as per the regulatory reporting requirement. During the year of 2024, France remained the largest country risk exposure accounting for 79.28% (previous year: 34.47%) of net equity of the Bank as of Dec 2024. The exposure was derived from transactions with BNPP S.A., the Bank's parent bank. BNPP S.A. is by far the largest bank in France with stable financial performance and solid capital base, for which there's no credit concern.

According to the analysis of country risk report by each quarter of 2024, it was noted that the Bank's Top 5 country risk exposure accounted for average 90.85% of the bank's total country risk exposure. Within the Top 5 country risk exposure, most of the exposure comes from intra-group transactions. Furthermore, considering of the country risk portfolio evolution and intra-group transaction breakdown changes over the Top 5 countries, country risk stress test was performed for 2024. The bank selected Top 5 countries with the largest exposure as end of Dec 2024 in accordance with Bank's official country risk report, applied de-notching methodology under three scenarios (Mid-Adverse/Adverse/Severely Adverse) and added provision amount from selected Watchlist counterparties with association to concerned Top 5 countries under severe scenario. Impact on BNPP China's Capital Adequacy Ratio therefore is assessed under aforementioned three scenarios. Result shows that BNP Paribas (China) Ltd is expected to have sufficient capital to absorb the impact.

6. Operational Risk

6.1. Operational risk: basics

The operational risk is one of the key risks focus of the banking activity and corresponds to the risk event of incurring a loss due to inadequate or failure of internal processes, staff, IT systems or external events.

Operational risk generally encompasses legal risk but not include strategic or reputational risk. Compliance risk, which is by definition a sub-category of operational risk, is managed separately from operational risk management due to its importance and link with the reputational risk. However, its financial implication will be included in operational risk.

Operational risk management relies on the analysis of the "cause-event-effect" chain with a particular emphasis once the risk areas have been identified and assessed, on the basis of historical incidents or prospective scenario analysis, on the definition of the preventive actions to be implemented by the relevant teams in the Bank, for example new or adjusted controls and/or procedures, that will either prevent the event from happening or mitigate their impact if it does happen.

As part of operational risk management, information technology risk has been integrated into the overall risk management of the bank and assessed through the risk and control self-assessment of information technology risk. The second line of defense continuously supervises and monitors information technology risk through independent testing, key risk indicator monitoring etc.

For data governance, the Bank has incorporated data quality, data security, data protection into the corporate governance and internal control system. On data management and data quality, the Bank continuously improve the management system and mechanism covering the whole life cycle of data, and continuously update it according to regulatory requirements and business practice. On data security, the Bank has established data classification standards to ensure that data at all levels are protected accordingly. In 2024, the Bank has also completed the standard contract filing for the personal information cross-border transfer to meet the requirements of various personal data protection laws and regulations.

6.2. Incidents and operational risk awareness

6.2.1. Incidents and preventative actions undertaken

In 2024, the Bank was impacted by 5 loss incidents categorized under the Basel III event type “Execution, delivery and process management”. All adequate preventive actions have been implemented to prevent recurrence of similar incidents.

6.2.2. Operational risk awareness training

The Bank continues to reinforce staff operational risk awareness. All staff need to follow the annual mandatory training session, and all new staff need to attend the new joiner training. Both contain sessions of operational risks. So that the bank can fully and continuously disseminate the operational risk culture. Specifically for technology and information risk topics in operational risk, the bank also arranges training performed by Information Security. Each year, all staff need to attend the e-learning sessions related to personal data protection and other information security knowledge. After the online course, employees are required to pass the quiz to complete the training.

6.3. Overall assessment and risk evolution in 2024

The Bank continues to adapt, improve and reinforce the internal control framework to manage the operational risk within an acceptable level and to address the impact of those incidents which have already occurred, as well as perform analysis and validation in 2024 for the new activities and products. In summary, compared to last year, the occurrence of operational incidents has slightly increased, but the loss is still within a controllable range. The overall operational risk is stable and within an acceptable level.

7. Compliance Risk

Key Compliance Risk Identified for year 2024 included:

- Fast evolving regulation change continues to be a big challenge for compliance risk management. Measures for the Administration of Data Security of Banks and Insurance Institutions, Measures for the Administration of Compliance of Financial Institutions, Measures for the Administration of Syndicated Loans, Measures for the Administration of Fixed Asset Loans, Measures for the Administration of Working Capital Loans, and the New Anti-Money Laundering Law presents both challenge and opportunity.
- The quick business expansion brought challenges for Compliance. The Global Market, Transaction Banking and BP2S departments all have launched several new business or activities and more requests are in the pipeline. Increased compliance efforts to support the quick business expansion.
- Banks need to make further improvements in internal policies, operational procedures and system construction to ensure that various regulatory requirements are implemented in daily management.

Corrective measurement taken includes:

- Compliance summarized and analyzed the impact of the key new regulations for all staff of the bank and a specific meeting would be called when needed with related departments. Gap analysis will be done for the important regulations.
- The bank strictly implemented regulatory requirements. The impacts have been analyzed by business lines and function departments. Certain changes have been made to the existing process. RMs had well communications with the clients.

- Full sets of AML policy and operation procedures have been established and the daily, monthly, annually monitoring are operated smoothly.
- In 2024, Compliance updated various local procedures as Compliance Risk Management Policy, Procedure for Setting and Varying Standard Bank Charges, Reputation Risk Management Guideline, Operational Procedure for identification of Related Party, Whistleblowing Procedure, Internal Procedure on Money Laundering and Terrorist Financing Risk Assessment and Process of Client Sensitivity Classification and professional ethics related policies etc.

8. Money Laundering and Terrorist Financing Risk

Banks may face the money laundering and terrorist financing (hereafter ML/TF) risks arising from illegal criminal activities in the course of business and operation management. Any money laundering or terrorist financing risk event or case may result in serious reputation and legal risks. Our bank's responsibility to the society is to be the forefront of fight against Money Laundering and Terrorist Financing Risk. And these risks may also cause loss of client, business and the financial loss.

There are also correlation and transferability between money laundering/terrorist financing risks and reputation, legal, liquidity and other risks. Money laundering /terrorist financing risks may have impact on such aspects as reputation, operation and financial affairs.

- As the leading department of anti-money laundering work, compliance organizes ML/TF risk assessment with participants of business lines and function departments involved in anti-money laundering and combating financing of terrorism (AML/CFT) work from inherent risk and control environment perspectives to obtain residual risk. Our bank's money laundering and terrorist financing self-assessment work includes not only targeting new products and new businesses, but also targeting specific branches based on risk changes based on the "Internal Control Management Procedures for Money Laundering and Terrorist Financing Risk Assessment and Customer Risk Level Classification". Conduct special money laundering risk assessments based on customer groups, business lines or channels; it also includes annual risk assessments based on the requirements of the parent bank's compliance department.
- In 2024, in accordance with the regulatory requirements of the Anti-Money Laundering Bureau of the People's Bank of China, we further improved our money laundering and terrorist financing risk assessment mechanism, especially the assessment of product risks, updated "Internal Procedure on Money Laundering and Terrorist Financing Risk Assessment and Process of Client Sensitivity Classification".
- In 2024, our bank also strengthened the means of ongoing risk identification of customer risks in accordance with the regulatory requirements of the Anti-Money Laundering Bureau of the People's Bank of China. Our bank has added new functions to the anti-money laundering transaction monitoring system and adjusted the "Internal Procedure on Know Your Client" to link transaction monitoring and customer due diligence. By monitoring customer business changes, we can further strengthen the identification of customer risk changes and take corresponding internal control and risk mitigation measures.

9. Reputational Risk

Reputation risk refers to any risk of a negative view about The bank injurious to its brand value, adverse to its normal operations, and even affecting market stability and social stability which any stakeholder, the public, or the media, among others, holds as a result of the conduct of the banking or insurance institution, the conduct of any practitioner, or an external event, among others.

According to "Reputational Risk Management Measures for Banking and Insurance Institutions" our bank revised the internal policy PRC99 "Guidelines for Reputational Risk Management". The reputational risk management framework has been further improved, the responsibilities of the board of directors, supervisors and senior management have been clarified, and a special reputational risk committee has been established. Daily monitoring, processing and reporting of risk events. Brand & Communication, Compliance and the Operational Permanent Control departments will perform their respective duties to strengthen the daily monitoring, processing and reporting of reputational risk events.

Compliance will report reputational risk related issues to the Risk Management Committee. Risk Committee review and assess the reputational risk and report to the BOARD.

10. Strategic Risk

Corporate governance and strategy throughout the organization are geared towards effectively addressing strategy risk. The risk assessment framework is regularly integrated into the Bank's decision-making and management processes. The entire process is supervised primarily by the Board of Directors ("BOD") and Senior Management (COMEX) chaired by CEO, who is responsible for measuring and controlling strategy risk at management level. The BOD oversees strategic planning and manages strategy risk mainly through its Strategy Committee. The committee also serves as a major part of the Bank's Corporate Governance.

The Bank strictly follows the global business strategy adopted by the Group. Our current strategy is based on the Bank's business development plan which is updated and revised based on the changing market conditions and opportunities arising. A revised growth plan has been adopted for the development of our client franchise as well as business lines. Targets are set on an annual basis and updated budgets are submitted to the BOD for approval.

It is assessed that the Bank's strategy risk is low.

11. Large Exposure management

In accordance with the requirements of the NFRA and the "Measures for the Management of Large Exposures of Commercial Banks", the Bank has included all credit businesses in which the bank bears credit risks into the regulatory framework for large exposure, specifically including six categories: (1) loans, investment in bonds, deposits with banks and other on-balance sheet credit businesses; (2) investment in asset management products or asset securitization products; (3) transactions in bonds, stocks and their derivatives; (4) OTC derivatives, securities financing transactions; (5) guarantees, off-balance sheet businesses such as commitments; (6) other businesses in which credit risks are borne by commercial banks in accordance with the principle of substance over form.

Accurate and timely measurement of large exposure is the basis for internal control and management. In addition to the IT system construction, in accordance with the requirements of the regulation, the Bank has established and improved the organizational structure for large exposure management, clarified the management responsibilities of the Board of directors, senior management, and relevant departments. Developed the procedure for large exposure management, and report to regulator for filling in a timely manner. in accordance with the regulatory requirements for large exposure management and based on the actual situation of the Bank, internal thresholds for large exposure are set, and continuous monitoring, early warning and control is carried out to implement large exposure management.

As of the end of 2024, the overall situation of all large exposure of our bank is well managed, and the large exposure of counterparties have been controlled within the regulatory threshold.

PART II: RISK MANAGEMENT CAPABILITY

1. Credit Risk

1.1 Financial Institutions Credit Risk

1.1.1 Organizational structure of financial institutions credit risk within BNPP China Ltd

BNPP adopts "three lines of defense". Effective control of risks (including FI credit risk) relies on segregation of functions by each areas performing its role properly and collaboratively. The 1st line of defense (FIC together with each business unit) takes the primary responsibility for identifying material risks and developing key controls. RISK MFI CCR CREDIT in China as the 2nd line of defense is responsible for credit risk management for FI clients under RISK MFI CCR CREDIT's coverage. RISK

MFI CCR CREDIT operates independently from the business lines, reporting directly to the Chief Risk Officer locally and to APAC RISK functionally. Internal Audit as the 3rd line of defense provides an independent evaluation of the effectiveness of business/operation processes, risk management and internal controls.

1.1.2 Implementation of risk policy in 2024

In 2024, BNPP China followed the risk policies of the Bank and latest regulatory policies and requirements applicable to financial institutions to perform credit review, credit approval and credit monitoring.

In addition, the Bank conduct annual stress test of financial institution counterparty credit risk. The stress test has taken into account potential challenges with China economy under both domestic and overseas environment and set three adverse scenarios with corresponding different levels of influence. The stress test evaluates impact of adverse scenarios to financial Institutions' credit profile and assess the consequence to the Bank's Capital Adequacy Ratio ("CAR") along with additional cost of risk. The results are reported to BNPP China Management and submitted to the regulator. According to the stress test results, capital base of BNPP China has sufficient cushion to absorb the impact.

1.1.3 Full compliance of predefined credit approval process

In 2024, the credit files (including annual review, ad-hoc credit reviews and new counterparty requests) were approved by the relevant credit delegation holders in line with the existing procedure.

1.1.4 Local credit delegations

Local credit delegation was granted to credit officers in RISK MFI CCR CREDIT to approve ad-hoc and regular credit requests whenever applicable. The credit files are submitted to credit committee to be in line with appropriate local delegation level and credit process. For credit files above local delegation, the credit assessment and recommendation from the FIC-ICAT is submitted to the next higher level of credit committee. Upon approval from higher level of credit committees, the credit files need to be signed off by CEO and CRO of BNPP China.

1.1.5 Rating methodology

BNPP China uses the BNPP global rating methodology to assess, measure and monitor counterparty risk to ensure credit quality of counterparties. Such rating methodology applies to credit assessment process for financial institution counterparties under coverage of RISK MFI CCR CREDIT.

1.1.6 Risk Monitoring

RISK MFI CCR CREDIT monitors the credit standing of the counterparty on a regular basis (including daily, quarterly and annually). With the support by RISK MFI Platform CCM EM, the limit excess is monitored on daily basis and reported to relevant teams when necessary.

- 1) On-going monitoring of all existing counterparties
 - follow up the daily news on the counterparties to spot the early warning of counterparty risk
 - perform annual credit review and approval on existing counterparties based on credit analysis and recommendation provided by FIC-ICAT
 - daily monitoring limit excess
 - periodic review of financial asset risk classification
- 2) Close monitoring of credit files under watchlist or doubtful file (if applicable)
 - place or remove from watchlist and doubtful files
 - quarterly review and watchlist/doubtful file committee
 - review level of provision for doubtful files
- 3) Reporting to senior management of the Bank
 - RISK MFI CCR CREDIT reports to CRO and CEO immediately on any significant risk issue whenever applicable.

- Major credit events/issues, exposure evolution, counterparty credit quality and credit limits are reported to the Risk Management Committee on a quarterly basis.
- All local credit committee decisions are concurred by CEO whenever applicable.
- RISK MFI Platform CCM EM produces TMV trade excess report and send to Head of Business, CRO and CEO whenever applicable.

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1.1.7 Reporting and communication with the Board and Risk Management Committee

In 2024, Risk Management Committee meetings have been taken place on quarterly basis. RISK MFI CCR CREDIT has presented risk analysis report to the Risk Management Committee, which further report to the Board of BNPP China Ltd. The report summarizes the evolution of financial institutions credit exposure, counterparty ratings, watchlist/doubtful debt files if any, credit quality evolution, etc.

1.2 Corporate Credit Risk

1.2.1 Organizational structure of corporate credit risk within BNPP China Ltd

BNPP adopts “three lines of defense”. Effective control of risks (including corporate credit risk) relies on segregation of functions by each areas performing its role properly and collaboratively. The 1st line of defense (each business unit) takes the primary responsibility for identify material risks and develop key controls. Risk Corporate in China as the 2nd line of defense is responsible for the oversight of credit risk control for corporate clients of the Bank.

Risk Corporate operates independently from the business lines, reporting directly to the Chief Risk Officer locally and to APAC regional risk platform functionally. Internal Audit as the 3rd line of defense provides an independent evaluation of the effectiveness of business/operation processes, risk management and internal controls.

1.2.2 Implementation of risk policy in 2024

Risk Corporate is strictly following the Bank’s risk policy to review all the requests for annual review/ new money/ amendments/ excesses and provide concurrence comments within authorization. Risk Corporate also followed up on early warning signals and implemented monitoring on risk exposure.

The team also continued to implement various guidance as provided by regulatory on-site inspection team.

The Bank continues to pay attention to the adjustment and phase-out of excessive capacity, and the increase in downside risks in certain industry cycles. Under the coordination by APAC Risk Strategy, the team conducted an annual update of <BNPP China Guidance Note on Corporate Industry Sectors RISK Profile>.

Furthermore, credit risk stress tests are performed periodically (at least once every year). The credit risk stress testing considers various global risk factors and potential direct/indirect challenges associated with Chinese economy. The impact on credit portfolio including additional cost of risk and the Capital Adequacy Ratio (“CAR”) is tested in three adverse economic scenarios over the 3-year time horizon. According to the stress test results, the capital base of BNPP China has sufficient cushion to absorb the impact. The results are reported to BNPP China Management and submitted to the regulator.

1.2.3 Full compliance of pre-defined credit approval process

All credit commitments of any amount or nature, whatsoever, even fully cash-collateralized or fully backed by stand-by letter of credit transaction, must be subject to duly approved credit proposal.

All credit proposals are approved either by way of circulation of files or under credit committee. Senior Credit Officer of Risk Corporate is the first recipient of all credit proposals/ requests recommended by Business line, and it will not take effect until it is formally signed via MyCreditApp system or by email.

Credit delegations have been granted to business delegation holders and Senior Credit Officers of Risk Corporate. A credit approval is considered granted when business delegation holder approves the credit proposal with concurrence from Risk Corporate.

1.2.4. Rating methodology

All the commitment clients have been assigned with one internal counterparty rating intended to reflect this counterparty's default risk over its business cycle. The rating of each borrower is reviewed at least once a year based on in-depth analysis, comprehensive consideration of the results of the rating system CRF, and expert's judgment on the credit quality of the borrower.

1.2.5. Risk monitoring

Risk Corporate, together with CTM has conducted risk monitoring via the following approaches:

- (1) Standard credit risk monitoring – for performing loans
 - Daily monitoring in the areas of unauthorized utilization and excess.
 - Follow up of covenants, guarantees and collateral
 - Mandatory annual review of each file
 - Quarterly review on NFRA asset classification based on updated information of the corporate clients.
- (2) Close monitoring of watchlist and doubtful debts files
 - Placement on and removal from watchlist and doubtful debts
 - Quarterly watchlist and doubtful debts committee
 - Review/assess the level of provision for doubtful debts files
- (3) Reporting to CRO/CEO / Business Heads and / or Senior Credit Officers
 - Collateral report, covenant monitoring report on monthly basis
 - Annual review overdue report on monthly basis
 - Credit decision status report

1.2.6. Reporting and communication with the Board

Four Risk Management Committees were held in 2024. Head of Risk Corporate presented dynamic analysis reports to the Committee, which further reports to the Director of the Board of BNPP (China) Ltd.

The reports summarized the quality and distribution of the corporate client portfolio, utilization, limit excess, including portfolio ratings, industry concentration, watch-list / doubtful debts files and provision evolution and credit stress-testing.

1.2.7. Overall assessment of Risk Management Capability

Overall, we considered risk management capability for corporate clients sufficient and is in line with regulatory requirement and the Bank's risk policy.

2. Market Risk

RISK Markets & Financial Institutions– Market and Liquidity Risk (RISK MFI-MLR) team is independent from business and has a local reporting line to the CRO of BNPP (China) Ltd.

The team is responsible for the market risk limits review/monitoring. This includes daily monitoring/reporting of a full set of limits, providing opinions/recommendations for limit reviews when deemed necessary, participating to NAC/TAC and LATAC committees and providing RISK MFI-MLR input on any transversal issue.

Any limit event (excesses, temporary/permanent limit changes) have been reported to BNPP (China) Ltd.'s CEO and CRO, as well as relevant business and RISK people. The required approval have been obtained.

The set of permanent limits used by BNPP (China) Ltd. is in line with the BNPP Group's set of limits and has been validated by the Board of the BNPP (China) Ltd. All limit events have also been reviewed and ratified by the Board of Directors.

The set of market risk limits for BNPP (China) Ltd. relates to two parts of businesses is divided into 2 parts: ALM Treasury (mainly Banking Books) and Global Markets (mainly Trading Books). Trading Books Limits are covering the main risks BNPP (China) Ltd. is facing including Interest Rate (PV01 by

tenor, currency and + Basis Spreads), FX (Nominal Limits), Issuer Risk, 1-Day Market VaR limit. Banking Books limits have been set-up mainly on Interest Rate gapping by currency.

Finally, on regular basis, stress tests, validated by the Risk Management Committee and Asset and Liability Committee, ultimately by the Board of Directors, are performed on China Trading and Banking Books respectively and the results are communicated with Management in China.

In 2024, based on our capital and Capital Adequacy ratio, the Risk Management Committee and the BoD noted that there was no need to trigger any contingency plan.

3. Liquidity Risk

Within BNPP (China) Ltd., the Board assumes the ultimate responsibility of liquidity risk management and delegates to ALCO, which is a specialized committee under CEO's supervision, the mandate of liquidity risk management.

BNPP (China) Ltd. Liquidity Risk Management framework consists of 5 main policies which are validated by ALCO:

- Liquidity Risk Management Policy
- ALCO Terms of Reference (ToR)
- Liquidity Stress Testing Policy
- Intraday Liquidity Management Policy
- Liquidity Contingency Plan

The Bank implements locally liquidity management principles taking into account simultaneously local needs/regulations and Group's global framework. These principles are designed to cover both normal conditions (BAU) and stressed situation.

BNPP (China) Ltd. ALM Treasury (ALMT) and RISK – in collaboration with local Finance - are taking the leading roles in the BNPP (China) Ltd. liquidity risk management framework.

ALMT monitors liquidity profile thru Early Warning Indicators on a daily basis. When the EWI total score reaches the trigger level, ALMT informs the ALCO, where the activation of Liquidity Contingency Plan will be considered under the leadership of CEO.

In addition to regulatory ratios applicable to BNPP (China) Ltd. and other various internal indicators, RISK team also monitors the daily cash flow guidelines approved by ALCO and performs internal liquidity stress tests (ILST) on a monthly basis which are shared with BNPP (China) Ltd. Management. The time horizon applied for ILST is 30 days and three stress scenarios are considered: a firm-specific (idiosyncratic), a market-related (systemic) and a combination of a firm-specific and market-related scenario (combined stress). The ILST is carried out on the full BNP Paribas (China) Ltd. perimeter (including all branches and sub-branches). The assumptions under different scenarios are regularly reviewed and validated by China ALCO.

RISK Team reports to CRO on any significant liquidity issue identified on its side.

BNP (China) Ltd. carries out Liquidity Contingency Plan test exercise every year.

Overall, in 2024, BNPP (China) Ltd. upheld a prudent liquidity management approach and met all regulatory requirements.

4. Interest Rate Risk in Banking Book

BNPP (China) Ltd. IRRBB Management framework relies mainly on two complementary processes.

Market risk team has defined in collaboration with ALM Treasury a set of gapping limits. These limits are monitored daily by market risk team. They aim at capturing the mismatch between assets and liabilities at BNPP (China) Ltd. Level, by tenor bucket and currency. The limit framework also includes a control on gapping positions by tenor buckets across all currencies. The latter limits are owned by the ALCO. On yearly basis, ALM treasury proposes a review of the limits based on the their needs and the development of the activity. The proposal is reviewed by RISK and eventually validated by the ALCO/BoD.

The second process on which BNP Paribas (China) Ltd IRRBB framework relies is stress test. BNP Paribas (China) Ltd conducts IRRBB stress test on quarterly basis. Paribas (China) Ltd applies a stress testing template based on the Guidelines for the Management of Interest Rate Risk in the Banking Book of Commercial Banks issued by CBIRC.

BNP Paribas (China) Ltd applies the following scenarios of interest rate shock when measuring the interest rate risk in the banking book: (1) the scenarios of interest rate shock used in the internal capital adequacy assessment procedures of the bank; (2) the historical or assumed scenarios of interest rate stress that are more serious than the scenarios set forth in the preceding paragraph; and (3) the scenarios of interest rate shock under supervision requirements, including but not limited to the six scenarios of interest rate shock: (i) parallel shock up (ii) parallel shock down (iii) steepener shock (short rates down and long rates up) (iv) flattener shock (short rates up and long rates down) (v) short rates shock up and (vi) short rates shock down.

The IRRBB Stress Test as end of December 2024 showed that the worst stress test impact on the economic value in the Banking Book from above scenario is a loss of -275 million RMB (mainly from CNY) and the Capital Adequacy Ratio is still above the regulatory requirement after applying this stress test impact.

BNP Paribas (China) Ltd also applies a stress testing on the net interest income (NII) on quarterly basis. The stress testing on NII gives, for each of the next 3 years, the sensitivity of the Net Interest Income to shocks on interest rates: ± 50 bps for the first 6 months, ± 100 bps for the next 6 months, ± 200 bps in years 2 and 3.

RAS Upward			
	Year 1	Year 2	Year 3
Total NII Sensitivity (kCNO)	-26,819	-22,480	-13,107
Total NII Sensitivity (KEUR eq)	-3,548	-2,974	-1,734
Limit (KEUR)	-19,000	-20,000	-14,000
EWI (80% Limit) (KEUR)	-15,000	-16,000	-11,000
RAS Downward			
	Year 1	Year 2	Year 3
Total NII Sensitivity (kCNO)	26,819	22,480	13,107
Total NII Sensitivity (KEUR eq)	3,548	2,974	1,734
Limit (KEUR)	-19,000	-20,000	-14,000
EWI (80% Limit) (KEUR)	-15,000	-16,000	-11,000

The above table shows the NII sensitivity as end of December 2024. The impact is mainly from CNY.

It has been validated by ALCO not to make assumption on the customer behaviour as BNPP (China) Ltd.'s business mainly covers corporate and financial institution clients and based on historical data, the ratio for client early prepayment/early withdraw is fairly low.

5. Country Risk

The Bank performed regular monitoring on Country Risk Limit Utilization. Utilization report will be submitted to CEO, CRO and all relevant department heads for information and action on monthly basis. Internal Country Rating will be updated on an on-going basis via close coordination with the Country Risk Research Team.

Furthermore, the Bank has paid close attention to the relevant reports and regulations (including but not limited to the internal country risk reports circulated from Country Risk Research Team in Head Office and guidance from the local regulators) in daily country risk management. The Bank will enhance the frequency of the monitoring and take additional measures on the risk management of Country Risk, when necessary.

On a quarterly basis, the overall Country Risk situation (including but not limited to Country Risk Limit and Utilization, Internal Country Rating, Country Risk Limit Excess and Significant Country Risk Exposure) as well as new or additional limits requests if any, need to be submitted to Risk Management Committee for review and endorsement before submitting to the Board for approval/information.

Overall speaking, country risk is prudently managed by the Bank.

6. Operational Risk

Transversal

Local Activity and Transaction Approval Committee

All new risks and products are required to be approved by the Local Activity and Transaction Approval Committee (LATAC). It applies to all new activities and new products or new risk situation that can generate risk of any nature, which have not been arisen before under similar conditions and / or need additional monitoring. Specialists in all areas affected by the new product or risk situation must perform an analysis of impact and must sign-off confirming that risk, legal and compliance issues have been addressed and that risk monitoring limits and controls, compliance monitoring and procedures are in place before they can begin.

The permanent members of this committee chaired by the Bank's Chief Executive Officer are: the Bank's Chief Operating Officer, the Bank's relevant representatives from Risk Function Department, the Operational Permanent Control representative, the Bank's Compliance representative, the Bank's Legal representative, the Bank's Finance representative, the Bank's Operations representative and the relevant Business and other functions' managers to attend the LATAC meeting, depending on the nature of the concerned product/service/transaction.

6.1. Operational risk management framework

In accordance with regulatory measures on operational risk management, the Bank has established the management system and control framework corresponding to the scale of operation, business nature, risk appetite and risk profile.

The operational risk management framework is part of the Permanent Control framework and is defined in the Internal Control Charter of the Bank, according to which the operational risk must be:

- identified, assessed and when relevant quantified while considering external and business data as well as internal control factors,
- managed within a formalized framework based on procedures, organizational principles based on a strict segregation of duties and controls, which can be performed pre-or- post execution, automated or not,
- communicated to the various management levels so they can define the necessary actions in compliance with the risk tolerance and then monitor their proper implementation.

6.2. Three lines of defense and governance

The Board takes the ultimate responsibility for operational management and the senior management takes the responsibility for the implementation of operational risk management. The management of operational risk is carried out through three lines of defense. The 1st line of defense, including business lines and operational departments are the direct bearers and managers of operational risk, who are responsible for operational risk management in their respective fields. The 2nd line of defense, including departments to perform independent controls, guides and supervisors the operational risk management by 1st line of defense, who will direct report to senior management. 1st line and 2nd line of defense constitute the permanent control framework. The 3rd line of defense Inspection Générale supervises and evaluates the performance of duty by the 1st and 2nd line of defense and its effectiveness through periodic control.

In the meanwhile, the following four committees are held regularly:

- The quarterly Risk Management Committee (RMC) chaired by a Board Director that is designated by the Bank, and the members are CEO and two independent board directors. The invitees include CRO, COO, Compliance Head, CIO and risk head of each stream etc.

It is delegated by the Board that RMC is in charge of case risk control, management and evaluation. Case risk prevention becomes the permanent agenda of quarterly RMC, and the result as part of RMC documents is reported to the Board. RMC, according to the authorization of the Board is responsible for case risk control, management and evaluation for the Bank. Its responsibility covers the follows:

- review and approve the internal policies and procedures of case risk prevention work, and set up case risk prevention control system of the Bank;
- clarify the relevant case risk prevention duties and responsibilities of the senior management, and ensure the senior management to take necessary measures to effectively supervise, alert and process case risk issues;
- propose the requirements for the case risk prevention task and review related reports;
- assess and evaluate the effectiveness of the case risk prevention task;
- ensure the case risk is covered in internal audit missions.
- The semi-annual Territory Internal Control Committee chaired by the Chairman of BNP Paribas (China) Limited and attended by the senior management, all Heads of Business and Function to better promote operational risk management and permanent control awareness in the Bank by:
 - further strengthen the operational risk control awareness and improve the Bank's continuous management and monitoring of operational risk;
 - ensure a good monitoring and escalation of internal control issues within the Bank;
 - improve the follow-up and monitoring of risks remediation actions in the Bank.
- The quarterly Operational Risk Incident Review Committee, chaired by the COO to review with the parties involved the incidents occurred since the last committee in order to agree on their analysis, the corrective and preventive actions to be implemented and to follow up their implementation.
- The quarterly Recommendation/PCA/SIAP Committee, chaired by CEO and COO jointly. Compliance and RISK ORM are permanent members. The purpose of the committee is to report the implementation progress for recommendations from external regulator, internal audit, PCA from LoD2 and SIAP defined by LoD1, and to ensure the completion before the agreed due day.

7. Compliance Risk

7.1 Compliance structure

As of 2023, we have 15 compliance officers in Shanghai and each branch still keep to have one full time compliance officer to ensure the effectiveness of compliance risk control.

7.2 Compliance policy implementation

We have set a target of our compliance management, that is, through the construction of a comprehensive management structure, to achieve effective identification and managements against compliance risks. Promote the building of a risk management system for the purpose of ensuring a compliance and legal operation of our businesses.

The guidelines of our compliance management are:

- A Collective Responsibility: Compliance is the responsibility of every staff. It could not be removed from any business activities of any line. Everyone shall take their own compliance responsibility.
- A Comprehensive Compliance: The mission and responsibilities of compliance run through the whole bank. For the purpose of achieving this mission, we shall ensure that compliance staffs are able to get all

necessary information. Compliance or authorized person who performs the same responsibilities shall guarantee their independence when making judgments or conducting actions.

- The Construction of Compliance Culture: The board of directors and senior management shall set the tone of compliance and the expectation of compliance by all employees, on a pro-active basis, and of compliance adding value, promote the values and ethical standards of honesty and integrity throughout the organization, enhance awareness of compliance by all employees, and ensure that the compliance function in the bank interact effectively with external regulators.
- Perform according to the highest level of requirements: Regarding Compliance, if the Group Policies regulates a stricter internal standard than Chinese laws and regulations, the internal procedures shall be complied in advance. Conversely, if Chinese laws and regulations are more stringent than those standards will be applied and met.

7.3 Compliance control

Compliance head attended the Comex meeting and various business meetings, so as to understand the bank's business status, assess the compliance risk, report to the senior management and establish control procedure to ensure the compliance risk is under proper control. Compliance holds regulatory update committee meeting on quarterly basis, with the participant of senior management, designated personnel from business & Legal. The purpose of the meeting is to promptly communicate regulatory releases/updates, regulatory matters, compliance control execution and anti-money laundering related issues. Territory Compliance Committee meetings were arranged semi-annually with the participant of Board Chairmen, Senior management, Head of business & Head of Legal. The meeting discusses comprehensive issues of the bank such as regulatory development, regulatory examination or internal self-assessment, internal policy and procedure setup or updating, AML and sanction compliance etc. As leading department of AML work, Compliance also arranges annual AML Working Group meeting with the participation of COO and working group members to discuss and summarize annual AML work, new AML working plan etc.

As second line of defense, compliance control is one of the important measures of our bank on risk management and control. Compliance risk management and control inspections cover anti-money laundering, related party transaction management, corporate governance, reputational risk, major event reporting, financial licenses, employee professional ethics, market integrity, and services including loans, bills, capital pools, derivatives, bond transactions, Various business areas including structured deposits, bond capital markets, interbank business, QFII/RQFII custody, and QDII Trust domestic custody.

In 2024, the compliance department carried out and implemented the above-mentioned compliance control in a planned, targeted, regular and orderly manner. Operational errors were discovered and corrected in a timely manner, which lead the business departments to improve daily risk prevention and control while supervising the rectification, and further enhance the intensity of post-event business risk review. At the same time, in the process of changing regulations, compliance will continue to update the key points of risk management and control inspections, and refresh the inspection points with the business departments in a timely manner, which also strengthens the implementation of new regulations by the business department.

8. Money Laundering and Terrorist Financing Risks

Bank confirms that anti-money laundering, anti-bribery and corruption, combating financing of terrorism and sanction compliance is the responsibility of each staff. Bank sets up AML Working Group to be responsible for the detailed organization, management, allocation of resources, and assignment of AML (Anti-money Laundering) /CFT (Combating Financing of Terrorism) related works of the bank. COO as the leader of AML Working Group Committee is in charge of AML & CFT issue of the Bank in general; Compliance is leading department in charge of AML & CFT work of the Bank; other member departments cover bank's front lines, middle and back offices, and internal audit which is responsible for independent inspection. At branch level, a correspondent AML Working Team is set up to be responsible for branch AML/CFT related works and chaired by branch manager. For FTZ Sub-branch (including

respective FTU business), respective AML/CFT work is directly under HO AML Working Group's coverage.

Bank's main AML/CFT work includes:

- (1) Establishment of internal AML & CFT procedures;
- (2) Execution of KYC procedure and transaction monitoring;
- (3) Reporting of Big-Amount Transactions and Suspicious Transactions to the PBOC and reporting to the Police when suspicious criminal case is detected;
- (4) Reporting of Clients and Transactions Suspected to be related to Terrorist Financing and Measures to Freeze Assets Related to Terrorist Activities
- (5) Confidentiality of AML & CFT information;
- (6) Record-keeping of account opening documentation and transaction documentation;
- (7) Assistance to supervisory bodies in investigation;
- (8) Schedule staff training on KYC, AML and CFT and organize AML Publicity activities;
- (9) Make annual AML/CFT report and organize AML risk self-assessment and report the result to the PBOC

AML Working Group Committee meeting is called on quarterly basis to review AML/CFT related work of this year, to set up work plan for next year, discuss and set up AML Strategy based on key focus of current AML work and regulatory requirements, etc. On semi-annually basis, in Compliance & Control Committee meeting and Territory Compliance Committee meeting, compliance will present to senior management & business departments the updates of Group and local AML internal control policies/procedures, utilization of information technology in AML work, quarterly AML internal control result, self-assessment result on ML/TF Risk based on the PBOC approach and according to Group Compliance methodology. The KPRIs of AML work are also presented to Board in quarterly Risk Committee meeting.

In order to further improve the effectiveness of anti-money laundering transaction monitoring, our bank invested in the deployment of the anti-money laundering transaction monitoring and reporting system ARMS in 2020. Since then, the bank has continued to enhance the system functions and review and adjust the suspicious transaction monitoring model every year. The latest model review was conducted from August to November 2024, and the model adjustment was completed on November 29, 2024. In addition, our bank has added a model in ARMS to monitor changes in the banking business of new customers to strengthen the linkage with customer risk identification.

9. Reputational Risk

According to newly released regulation, our bank revised the internal policy PRC99 "Guidelines for Reputational Risk Management". The reputational risk management framework has been further improved. The responsibilities of the board of directors, supervisors and senior management have been clarified. The responsibilities of relevant departments of daily monitoring, processing and reporting of risk events have been clarified.

The Board of Directors assumes the ultimate responsibility for reputation risk management of the Bank, and the chairman of the board is the primary responsible person.

The supervisor shall respectively assume the supervisory responsibility for reputational risk management. The supervisors shall be responsible for supervising the performance of duty by the board of directors and senior management in the aspect of reputational risk management and incorporating the relevant information into the work report of the supervisors.

The senior management shall respectively assume the management responsibility for reputational risk management. Its main responsibilities include:

- Ensure a sound corporate governance structure and mechanism being properly set up within the Bank;
- Ensure the implementation of reputation risk management system and measures;
- Clarify the responsibilities of all departments of the Bank in regard to reputation risk management;
- Formulating a reputational risk response plan and addressing plan for material events, and arranging and advancing the addressing of reputational events.
- Lead the reputation risk incident handling work, in order to ensure necessary actions to be taken, continuous and effective monitoring to be conducted, and reputation risks to be controlled and reported, reputation risk incident to be handled in timely manner;
- Ensure related training program in place so as to staff are aware of the importance of reputation risk management; and
- Set up the corporate culture of reputation risk management within the Bank and promote staff's awareness of reputation risks.
- Reputational risk management shall be assessed at least once a year.

As soon as a material reputation risk incident is identified, an ad hoc Reputation Risk Committee will be created. The ad hoc Reputation Risk Committee consists of:

- the Comex members
- Head of Legal, Head of Brand & Communications, Head of Finance & Control, and any other involved parties.

10. Strategic Risk

The Strategy Committee

- Supports the Board of Directors in fulfilling its oversight responsibilities with regards to the bank's strategy.
- Advises the Board of Directors with regards to the business strategy for the sustainable development of the Bank.
- Discusses and advises the Board of Directors as to whether the governance, risk appetite, financial and capital planning, liquidity and funding management, control environment and resources to support the Bank's strategic objectives.
- Oversees the Management's implementation of the strategic plan and the execution progress against strategic milestones and goals.

COMEX meeting

- The Bank holds bi-weekly COMEX meetings comprising Senior Management and heads of business lines. The Chairman of the Board can attend the meeting.
- The meeting focuses on day-to-day management issues of the Bank. Business, operational, administrative and compliance issues are discussed and monitored to ensure strategy risk is assessed on a timely manner.
- Business review sessions are organized on a monthly basis to review the operational performance of the Bank, and to ensure that latest legal, compliance and regulatory issues are discussed and complied with.

11. Large Exposure management

Accurate and timely measurement of large exposure is the basis for internal control and management. The Bank has developed local calculation tools. Used for monitoring large exposure. The local calculation tool is based on the scope provided by the Finance & Control and the Compliance based on the requirements of the "Measures", capturing the main risk exposures of all customers, and using the "SA-CCR" to calculate the counterparty credit risk of derivative instruments. The tool has been operational since the end of December 2018 and generates exposure reports daily, and latest updated in the second quarter of 2024, it updated the internal large exposure limits for Intragroup, Non-interbank clients (Corporate clients) and Interbank clients (Financial Institution clients), including the risk appetite

statement (RAS) Large Exposure limit and the Large Exposure early warning level, and strengthened the internal control mechanism. Since 2021, the Bank has established a quarterly two-way reconciliation for internal and external reports between Risk and the Financial & Control.

In addition to the IT system construction, in accordance with the requirements of the regulation, the Bank has established and improved the organizational structure for large exposure management, clarified the management responsibilities of the Board of directors, senior management, and relevant departments. Developed the procedure for large exposure management, and report to regulator for filling in a timely manner. In accordance with the regulatory requirements for large exposure management and based on the actual situation of the Bank, internal thresholds for large exposure are set, and continuous monitoring, early warning and control is carried out to implement large exposure management.

Based on the above regulatory framework for large exposure management, the Bank's business departments actively cooperate as the 1st line of defense to proactively monitor clients' large exposure. For external clients and groups with the largest exposure, the Bank's large exposure working group has designated the FI coverage team as the coordinator. The team serves as the unified coordinator and performs centralized pre-trade exposure calculation and management when customer exposure is too high or approaches the internal warning threshold. If necessary, it is submitted to the Large Exposure Working Group and a meeting is held immediately to discuss and decide further action plan.

IV Corporate Governance

1. Board Members and Performance

1.1 Members of the Board of Directors

The Board of Directors consists of Chairman, four Directors and three independent Directors as below:

Names	Gender	Roles
Paul YANG	Male	Legal Representative/Chairman
Chang Geng LAI	Male	Executive Director/ CEO
Bruno Philippe WEILL	Male	Director
Chung Mei Sandra YIU	Female	Director
Jean-Claude BERGADAA	Male	Independent Director
Yan YAN	Male	Independent Director
Chee Kay Terry TSE	Male	Independent Director

Paul YANG

Paul Yang is the legal representative and Chairman of BNPP China Limited. He is also the Head of Asia Pacific at BNP Paribas, overseeing the bank's strategic development across all business lines in the region.

Mr. Yang is a veteran banker with extensive experience across a wide range of financial services. He joined BNP Paribas in Paris in 1988 and has held various senior positions in France and Asia since then.

Prior to his current role of Head of Asia Pacific at BNP Paribas, Mr. Yang was the Chief Executive Officer, Corporate & Institutional Banking for Asia Pacific, a role he has held since October 2019. Mr. Yang was Head of Greater China from 2014 to 2019 and CEO of BNP Paribas Hong Kong Branch from 2011 to 2019.

He was Deputy Head of Corporate Finance for Greater China from 2007 to 2011, during which time he led a number of high profile IPOs and share placements.

Amongst Mr. Yang's other roles were Deputy CEO of BNP Paribas Hong Kong Branch from 2004 to 2007, and Head of Territory for Taiwan from 2001 to 2004.

Mr. Yang holds a Bachelor Degree of Science in Information Systems from the University of Paris XII.

Chang Geng LAI

Mr. CG Lai is the Executive Director on the Board of BNP Paribas (China) Ltd. and also the CEO. He is responsible for overseeing the bank's strategic growth and overall business development in this rapidly growing and vital market.

CG joined BNP Paribas in 1996. Before being appointed CEO for BNP Paribas China Limited, CG was Deputy CEO of BNP Paribas China Limited, leading China Capital Market platform. He was also the Head of Global Markets for Greater China.

Prior to joining BNP Paribas, he has worked for Chase Manhattan Bank and American Express Bank.

CG holds a Master in Business Administration Degree from the University of Washington.

Bruno Philippe WEILL

Mr. Bruno Weill has been a Director on the Board of BNPP China Limited since November 2014.

He is responsible to coordinate and develop BNP Paribas businesses in China. He also contributed to the establishment of Group operating strategy and represents all the activities of Group in China towards the Chinese financial regulators.

BNP Paribas has multiple legal entities and joint ventures in China. As a Group representative, he assumed the role of Director or Supervisor on the Boards of most of these legal entities and joint ventures. He is also the Group Executive Sponsor for a few Chinese and International strategic clients in China.

After his baccalaureate in Spain, Bruno obtained a Master degree in Physics and Engineering diploma from the French Ecole des Mines de Paris.

Chung Mei Sandra YIU

Ms. Sandra Yiu is a Director on the Board of BNPP China Limited.

Sandra joined BNP Paribas in 2018 and is currently the Head of Corporate Coverage Hong Kong. Sandra leads a team of senior bankers and relationship managers covering HK and mainland Chinese corporates.

Prior to joining BNP Paribas, she worked in HSBC and ING Bank holding various senior management positions across Asia.

Sandra graduated from Scripps College, Claremont California with a degree in Economics and Accounting.

Jean- Claude BERGADAA

Mr. Jean- Claude BERGADAA has been an Independent Director of BNPP China Limited since September 2019.

Before retirement in December 2015, Mr. Jean- Claude BERGADAA had assumed managerial roles with BNPP entities in Hong Kong, New York, Singapore and Paris.

Mr. Jean- Claude BERGADAA graduated in 1973 from HEC (Paris), a Business and Management School.

Yan YAN

Mr. Yan Yan has been an Independent Director of BNPP China Limited since January 2021.

Mr. Yan Yan is a lawyer at Beijing Long An Law Firm in Shanghai Office. Currently, he is also an Independent Director and the Chairman of Audit Committees of Suyin Wealth Management, Jiangsu Tongxingbao Intelligent Transportation Technology Co., Ltd. and Shenzhen Expressway Group Co. Ltd. In the past, he was an Independent Director of Bank of Nanjing, Bank of Jiangsu and Jiangsu Financial Leasing Co., Ltd.

Mr. Yan Yan holds a Doctor's Degree in Law, PHD Degree in Management and post-Doctoral Degree in Business Administration. He also holds Lawyer's License of the People's Republic of China and is a non-practise member of Chinese Institute of Certified Public Accountant.

Terry Chee Kay TSE

Mr. Terry TSE assumed the role of Independent Director of BNPP China Limited from February 2021.

Mr. Terry TSE has engaged in the financial industry for over 20 years. He started his career as a financial engineer with Moody's and Vice President with Deutsche Bank, and is currently the venture partner for Alpha JWC Ventures, a technology VC fund focused on APAC and Executive Director of Jabex Asset Management. He currently serves as an Independent Director for LBX Pharmacy Chain Joint Stock Company and Funding Societies Pte. Ltd.

Mr. Terry TSE holds Bachelor and Master's Degrees in Science from Stanford University.

1.2 Powers and Authorities of the Board of Directors

The Board of Directors exercises powers and authorities including but not limited to below:

- (1) Reporting its work to the Shareholder as required;
- (2) Implementing the decisions of the Shareholder;
- (3) Resolving on the business policies and plans and investment strategies and plans of the Bank;
- (4) Reviewing the Bank's annual financial budget and final accounts, any budget for capital expenditure, and any material variations to any of the foregoing as formulated by the Finance & Control Department of the Bank;
- (5) Formulating a plan for profit distribution and loss make-up of the Bank;
- (6) Formulating a proposal for the increase or reduction of the Bank's registered capital or the issuance of bonds;
- (7) Formulating a proposal for the merger, de-merger, change of corporate form and dissolution of the Bank;
- (8) Resolving on the internal management organization of the Bank;
- (9) Resolving on the engagement or dismissal of the Chief Executive of the Bank and his/her remuneration; deciding on the engagement or dismissal of the Deputy Chief Executive and other Senior Management Personnel according to the nomination by the Chief Executive of the Bank and their remunerations;
- (10) Ratifying the approval authority of different levels of Senior Management;
- (11) Delegating to the Senior Management and other officers of the Bank the power to execute and deliver certain types of documents and contracts in the name of the Bank on either a general basis or a transaction by transaction basis;
- (12) Formulating the basic management system of the Bank;
- (13) Overseeing local liquidity policy and limits as formulated by the ALCO and in according with internal delegations, policies and relevant laws and regulations;
- (14) Overseeing the management of the business and affairs of the Bank;
- (15) Reviewing the performance of the Bank in the light of its strategy, objectives, plans and budgets;
- (16) Approving the change of the Bank's business scope and geographic areas; and
- (17) Exercising other authorities vested by the AOA or by laws, regulations and regulatory provisions or authorized by the Shareholder.

1.3 Performance of the Board of Directors

Board Meetings were held on quarterly basis to review CEO business performance reports covering QoQ and YTD performance, important changes in Bank activities and laws and regulations in the PRC, to make resolutions, review reports by Board Committees, and reports by Heads of Business and Functions, etc.

2. The Board of Supervisors and Performance

For the Bank as a single shareholder entity, the Board of Supervisors was not set up. Rather a Supervisor was appointed.

Effective from December 15, 2022, Mr. Jai SHETH assumed the role of Supervisor of the Bank.

Mr. Jai SHETH is a senior member of staff from BNP Paribas SA with considerable experience working in the banking industry. Mr. Jai SHETH assumed the role of BNPP SA APAC COO from January 1, 2023. With BNP Paribas he has held senior positions in ISPL, IT & Operations in the past.

In order to monitor the performance of the Board of Directors, the work done by the Supervisor included the followings:

- Review of Board meeting agenda, presentations, proposals of resolutions, proposals of appointments, proposals for revision of Terms of References of committees.
- Attendance to Board meetings.
- Attended the Risk Committee and Audit Committee meetings.

In order to monitor the company's important financial affairs, the work done by the Supervisor included the followings:

- Review of BNP Paribas China Ltd financial statements for 2024.
- Review of financial information provided to Board of Directors.

In order to ensure Directors' and senior management's performance of functions and duties related to compliance management, the Supervisor has performed the following work:

- Review material changes in laws and regulations, regulatory interactions, regulatory rating updates, annual compliance reports, CBIRC annual ratings/corporate governance ratings, etc.
- Attendance of Audit Committee meetings to review internal audit results and management remediation progress.
- Review risk reports, e.g. case risk report

In order to complement his review of above listed documents, the Supervisor has performed the following work:

- Regular meetings with China Ltd Chief Executive Officer and Chairman
- Regular contacts, conference calls and meetings with the Chief Operational Officer.

During the due diligence work described above, the Supervisor has not been made aware of any conduct by senior management, Board member or committee members that would be in contravention of the Article of Association or Bank's policies or any law or regulation applicable to the Bank.

3. The senior management and basic information

The senior positions of the Bank are assumed by suitably qualified and experienced staff members.

The annual appraisals for those staff in 2024 have minimum performance ratings of 'meet expectation'.

The CEO, deputy CEO, COO, CRO, Head of Global Markets, Head of Transaction banking, Head of Multi-National Corporate, Head of Corporate Coverage, Head of Treasury, Head of Financial Institution, Head of Asset Custody, Beijing Branch Manager, Guangzhou Branch Manager, Tianjin Branch Manager, Head of Credit & Risk Control, Head of Credit Management, Head of Compliance and Head of HR make up the Executive Committee of BNP Paribas (China) Limited (Comex), which meets twice every month chaired by the CEO.

The bios of key senior managers are as follows.

Chang Geng LAI, CEO *Please refer to section 1.1 for bio.*

Youfang ZHANG, Deputy CEO

From June 1991 to September 1995, Mr. Zhang worked in the Shaanxi Provincial Government. Mr. Zhang joined BNP Paribas Singapore Branch in June 1997 and successively worked as Analyst, AVP and VP in the Project Finance Asia Team. In October 2004, Mr. Zhang was transferred to BNP Paribas (China) Limited to carry out onshore structured finance business. Mr. Zhang took up the role of Head of Energy & Commodity from March 2008, and was responsible for the energy and commodity finance business in Greater China from November 2011. Mr. Zhang was the Greater China Head of the Energy & Commodity since January 2017. Mr. Zhang has been the Deputy CEO of BNP Paribas (China) Limited since August 2018, assisting the CEO in managing the Bank's operations.

Mr. Youfang Zhang holds a Bachelor and Master degree in Engineering from Xi'an Jiaotong University, and a Master degree in Finance from National University of Singapore.

James ZHANG, Deputy CEO / COO

James Zhang joined BNP Paribas Tianjin Branch in July 1998 and performed the role of Credit Analysis Officer and Finance & Control Manager respectively. He was then transferred to BNP Paribas Beijing Branch in July 2001 for the role of Senior Manager of Financial & Control. In September 2007, he was transferred to BNP Paribas (China) Limited for the role of Head of Finance & Control and was promoted as Chief Financial Officer in May 2016. Since January 2023, Mr. Zhang has been performing the role of Chief Operating Officer of BNP Paribas (China) Limited.

Mr. Zhang holds a Bachelor degree in International Economics and Trade from Nankai University. In addition, he is a member of the Chinese Institution of Certified Public Accountant, Fellow Member of Association and Chartered Certified Accounts and Fellow Member of Chartered Institute of Management Accountants.

Fang ZHANG, Deputy CEO / Head of Corporate Coverage China

Ms. ZHANG joined BNP Paribas (China) Ltd. Beijing Branch in September 2007 as the North China Head, Local Corporate Team of the Corporate Banking Department, responsible for the business management of the Chinese corporate clients in the North China and the credit, compliance and operational risk maintenance of the business under her jurisdiction. In August 2012, Ms. ZHANG was transferred to BNP Paribas Hong Kong Branch as the Head of China Desk, Corporate Banking Group, responsible for the business management of Chinese corporate clients in Hong Kong and the credit, compliance and operational risk maintenance of the business under her jurisdiction. In September 2020, Ms. ZHANG was relocated to BNP Paribas (China) Ltd. and was appointed the Head of Corporate Coverage in China, focusing on the business development of corporate clients in China, managing the RM teams of local Chinese and multinational corporate clients and being responsible for the credit, compliance and operational risk maintenance of the business under her jurisdiction.

Ms. ZHANG holds a bachelor degree in English from Beijing Foreign Studies University, and a master degree in Management and Regulation of Risk from London School of Economics and Political Science. Ms. ZHANG started her career at Xinhua News Agency as English Editor of International News Department, and then at McKinsey & Company as Communication Specialist. She started to pursue her career in the banking industry from September 2002, and had worked at Deutsche Bank as Risk Analyst and Approver firstly then at ABN AMRO as Senior Relationship Manager.

Howard JIA, CRO

Howard JIA joined BNP Paribas (China) Limited in December 2022 as Chief RISK Officer, responsible for the overall risk management of BNP Paribas (China) Limited. Prior to that, Mr. Jia had successfully

worked at Morgan Stanley Bank International (China) Limited as Chief Risk Officer, Santander Bank Shanghai Branch as Head of Risk Management in China, Standard Chartered Bank (China) Limited as Senior Risk Manager in Market & Liquidity Risk Management Department, Standard Chartered Bank (Hong Kong) Limited as Senior Risk Manager in Greater China/North Asia, Trafigura Investments (China) Co., Ltd. as the Director of Credit Risk for China, and HSBC Bank (China) Limited Shenzhen Branch as Vice President of Credit Risk Department for South China.

Mr. Jia possesses over 16 years of extensive experience in banking and financial institutions.

Mr. Jia holds a Master degree in Business Finance from the University of New South Wales, Australia and a Master degree in Business Accounting from the University of Sydney, Australia.

George SUN, Deputy CEO / Head of Global Markets

George Sun joined BNP Paribas Hong Kong Branch in April 2017 as the Head of FXLM & Commodity Derivatives Institutional Sales and Head of Domestic Clients for Global Markets APAC, responsible for FX, rates and commodity derivatives businesses with the Bank's institutional clients as well as domestic clients in the region. George was relocated to BNP Paribas (China) Limited in Sep 2019 and was appointed the Head of Global Markets, Greater China, focusing on leading and developing BNP Paribas' fixed income and equities business in Mainland China, Hong Kong and Taiwan.

He started his career as a Corporate Lawyer at the Law Firm of Thacher Proffitt & Wood in New York, and then worked as a Structured Finance Credit Analyst at Standard & Poor's in New York and London. George started to pursue his career in the banking industry from 2004, and had held various roles in HK, including Managing Director in Global Structured Credit Products at Merrill Lynch, Head of Credit Sales in Asia Pacific ex-Japan at Lehman Brothers, Co-Head of Fixed Income, Currencies, and Commodities Sales in Asia Pacific ex-Japan at Nomura International, and Head of Institutional Sales in Asia Pacific/Head of Corporate Sales in North Asia at Standard Chartered Bank.

Throughout over 20 years of GM experience in Asia, the US and Europe, George accumulated extensive experience in the products, market intelligence, team management, risk evaluation, etc.

Mr. George Sun holds a Bachelor degree in Economics from Harvard University, and a Juris Doctor degree from Harvard Law School.

Xutao BAO, Head of Compliance

Mr. Bao possesses nearly 30 years of experience in the banking industry, having successfully worked at Standard Chartered Bank Shanghai Branch, Donghai Bank Shanghai Branch, UFJ Bank Shanghai Branch and Bank of America Limited Shanghai Branch to hold various positions in compliance, financial control and operations. In particular, Mr. Bao possesses rich and extensive experience in compliance management. Mr. Bao joined BNP Paribas (China) Limited in September 2008 as Head of Compliance, and has been performing this role till now.

Mr. Bao Xutao holds a Bachelor degree in Applied Accounting and a Master degree in Business Administration from Oxford Brookes University, UK.

Catherine ZHU, Head of Internal Audit

Since 2006, Ms. Zhu has been engaged in auditing and internal control at ABN AMRO Bank (China) Limited, DBS Bank (China) Limited and HSBC Bank (China) Limited. Ms. Zhu joined BNP Paribas (China) Limited in September 2010 as Internal Auditor and was promoted as the Head of Internal Audit of BNP Paribas (China) Limited in January 2016 and has been holding this role until now.

Ms. Zhu holds a Bachelor degree in Economics & Finance from the University of Hong Kong and a Master degree in Economics & Finance from Warwick Business School, University of Warwick, UK.

Sandy YANG, Chief Information Officer

Sandy Yang joined BNP Paribas (China) Limited in January 2013 as Business Analyst. He was promoted as the Head of Global Banking IT in July 2018 and then Deputy Chief Information Officer in August 2021. Since April 2022, he has been performing the role of Chief Information Officer of BNP Paribas (China) Limited. Prior to that, Mr. Yang worked in HSBC Bank (China) Limited from July 2004 to January 2013, responsible for IT service delivery.

Sandy holds a Bachelor degree in Computer Science and Technology from Shanghai Jiaotong University and a MBA degree from Hong Kong University.

Li Jin, Beijing Branch Manager

Ms. Li Jin joined BNP Paribas (China) Limited Beijing Branch in June 2008, and successively served as Corporate FXLM Sales in Global Markets and then was promoted to Head of Corporate FXLM sales, Beijing in January 2016. In October 2019, she was transferred to Corporate Coverage China, Beijing Team as Senior Relationship Manager, and was appointed Head of PRC Corporate Coverage Beijing Team in July 2021. She was promoted to the branch manager of BNP Paribas (China) Limited Beijing Branch in October 2024.

Ms. Li Jin holds a Master of Science in Economics from University College London.

Wei WU, Tianjin Branch Manager

From July 1998 to December 2001, Wei worked in Bank of China Tianjin Branch at the International Settlement Department. Mr. Wu joined BNP Paribas Beijing Branch in January 2002 as Clerk of Operations Department. In April 2009, Wei was transferred to BNP Paribas (China) Limited Tianjin Branch to take up the role of Head of Operations for the branch. In December 2019, Wei was promoted as the Deputy Branch Manager of BNP Paribas (China) Limited Tianjin Branch. Since March 2023, Mr. Wu has been performing the role of Branch Manager of BNP Paribas (China) Limited Tianjin Branch, responsible for the overall branch management and operations.

WU Wei holds a Bachelor degree in International Finance of English Dept, from Tianjin Foreign Studies University.

Kalen Zhang, Guangzhou Branch Manager

Ms. Kalen Zhang previously worked for Sumitomo Mitsui Banking Corporation (China) Co., Ltd. Guangzhou Branch, Standard Chartered Bank (China) Co., Ltd. Guangzhou Branch, and Citibank (China) Co., Ltd. Guangzhou Branch.. Ms. Zhang joined BNP Paribas (China) Co., Ltd. Guangzhou Branch in March 2021 as the head of the Guangzhou local corporation team in the Corporate Banking Department of China and was promoted to the branch manager of BNP Paribas (China) Co., Ltd. Guangzhou Branch in January 2024, responsible for the overall management of the Guangzhou Branch.

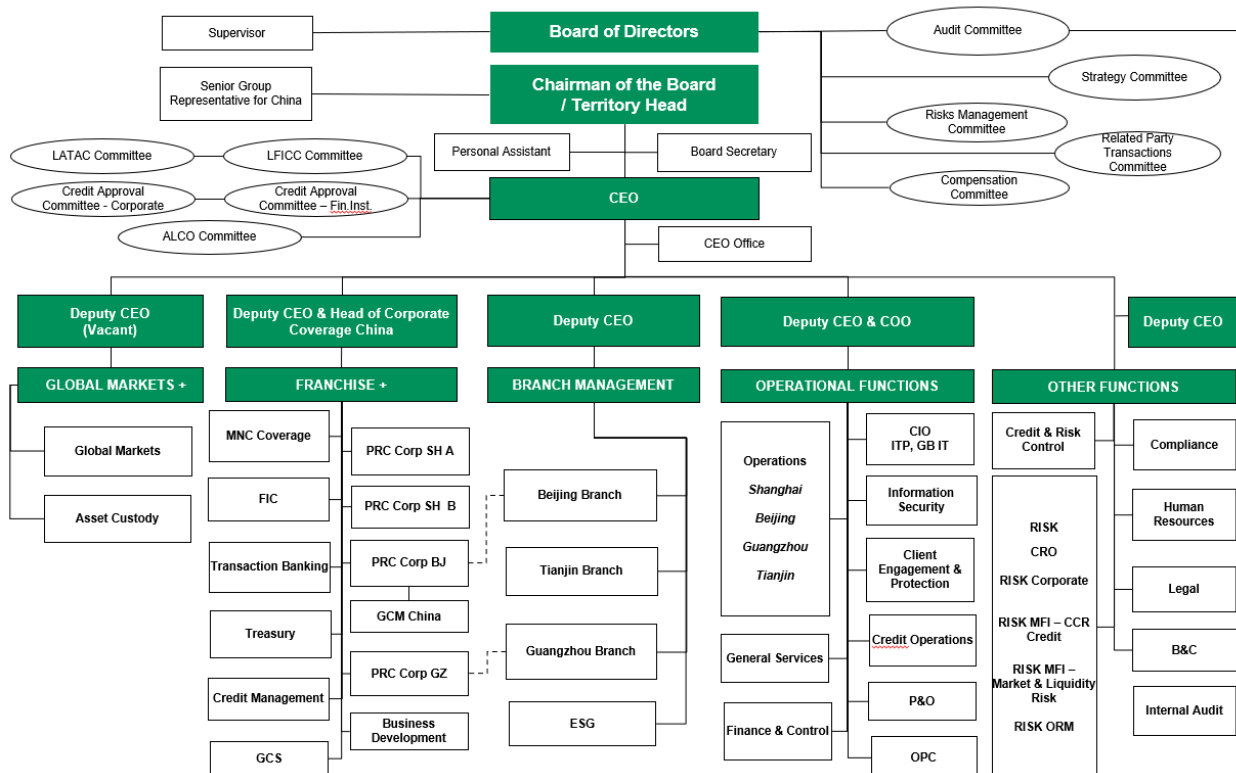
Ms. Zhang holds a master's degree in International Economics from Kyoto University, Japan.

Lynn Qiu, Head of Finance&Control

Ms. Lynn Qiu possesses extensive financial and accounting experience, having worked in the field since 2003. Her career began with auditing roles at Shanghai Certified Public Accountants Firm (2003-2005) and Ernst & Young (2005-2007). In 2008, she joined BNP Paribas (China) Ltd., where she steadily progressed through their reporting team structure. She was promoted to Reporting Team Manager in 2012 and most recently to Head of Finance & Control in August 2022. This latter promotion was officially approved by the CBIRC in Shanghai in May 2023. In addition to her professional experience, Ms. Qiu holds a Bachelor's Degree in Accounting from Shanghai University (1999-2003) and has earned the Certified Internal Auditor (CIA) designation.

4. Organizational Structure

BNPP (CHINA) LTD ORGANIZATION CHART



5. Disclosure of the performance of independent directors

BNP Paribas (China) Limited has three Independent Directors in its Board:

- Mr. Jean-Claude BERGADAA's first tenor as an independent director expired on September 17, 2022. On August 9, 2022, shareholder re-appointed him as Independent Directors for a tenor of three years.
- Mr. Yan YAN was appointed as independent director for the first time in 2021. The appointment was approved by CBIRC on 22 March 2021. In February 2024, shareholder re-appointed him as Independent Directors for a tenor of three years.
- Mr. Terry Chee Kay TSE was appointed as independent director for the first time in 2021. The appointment was approved by CBIRC on 22 March 2021. In February 2024, shareholder re-appointed him as Independent Directors for a tenor of three years.

6. Compensation Management System

The Compensation Management Committee (hereafter "Committee") of BNP Paribas (China) Limited (hereafter "Bank") is formulated in accordance with the "Supervisory Guidelines on Sound Compensation in Commercial Banks" of China Banking and Insurance Regulatory Commission ("CBIRC"). The Committee is primarily responsible for establishing compensation system which is good for the Bank's strategic and enhancing its competitiveness, is suitable for fostering and retaining talent as well as controlling risks. The Committee reports directly to the Board of Directors of the Bank.

The Committee is made up of 3 members and is chaired by an Independent Director. Committee members include:

- Two Independent Directors, and
- Chairman of the Board of the Bank.

The Committee is responsible for:

- Reviewing the relevant Compensation system and policies effectively in line with the corresponding policies of the BNP Paribas Group;
- Establishing a scientific and reasonable Compensation Management system that can ensure the Bank's long-term, sound and sustainable development;
- Establishing a scientific system of performance assessment with relevant indicators;
- Establishing an effective mechanism for the supervision of Compensation; and
- Reporting on Compensation Management to the Bank's Board of Directors annually.

Two Committee meetings were held to review and approve the general guidelines on performance bonus and next year's salary increase.

In accordance with the BNP Paribas Group's relevant policies and compensation guidelines, the Compensation Management Committee is mainly responsible for establishing and regularly reviewing the Bank's related compensation systems/ policies and performance evaluation mechanism. These policies are applicable to all permanent employees (including those who have signed a labour contract with the Bank and expatriates who are assigned to work for the Bank from overseas entities of the Group).

The Committee has developed a competitive compensation management mechanism that is suitable for risk control, which is designed to attract talents and motivate outstanding employees to pursue long-term career development in the Group, so as to achieve sustainable business development of the Bank's business. This mechanism will ensure that Risk and Compliance staff's compensation is independent of the business performance under their monitoring. This compensation management mechanism is also one of the main components of corporate governance, which effectively combines the compensation system with the development strategy of the Bank.

7. Compensation Review

For the measurement of annual remuneration, the Bank emphasizes total compensation and considers the factors of risk control as well as combining employee incentive mechanisms and performance management, so that compensation is linked with performance. Total compensation takes all the components of compensation into consideration, including fixed compensation (basic salary, allowance, etc.), variable compensation (performance bonuses and mid/long-term incentives), social benefits (social securities and housing fund) and other benefits provided by the Bank. This will not only balance the difference in basic salary, but also ensure the fairness and consistency of the Bank's internal compensation design. In determining variable compensation, considering factors include a variety of financial data, which reflects sustainable operation level including risk indicators. The variable compensation reflects sufficient types of risks, and the incentive and restraint requirements of the sustainable development of the Bank.

To promote the sound operation and sustainable development of the Bank, and ensure that the compensation and benefit schemes of the Bank are in line with the market, the Bank's management will continuously review the compensation and benefit schemes to ensure objectivity in the process of compensation planning and in line with the relevant human resources policies of BNP Paribas Group, as well as ensuring that remuneration will play a guiding role in the risk management of the Bank.

Meanwhile, the Bank regularly participates in market surveys of compensation and benefits for banks. This kind of information from market surveys provides the Bank with the basis to formulate and update our compensation plans so that the Bank can remain fair and competitive in terms of compensation and benefits in the job market, so as to attract, motivate, retain and reward all employees who are contributing to the Bank's business development.

The Bank usually conducts compensation review annually. In line with the Bank's compensation review guidelines, all increments and bonuses will be determined according to the performance of the whole bank and business lines' results, market conditions, performance of individual employees (in particular, respect of the Code of Conduct, regulations and policies related to risk control, compliance requirements and Group values), and such other factors that the Bank considers relevant.

8. Deferred Compensation Policy and Payment

For senior management personnel and employees with material impact on risks, the Bank has established a deferred compensation policy in line with the local regulatory requirements and the BNPP Group policies. Depending on the amount of the individual employee's performance bonus, a certain percentage of the performance-based compensation will be deferred, and the deferred payment period is generally not less than 3 years.

For the deferred performance compensation, the relevant employees must satisfy the corresponding payment conditions, as well as the performance indicators set by each business line and the Bank. Dismissal due to employees' misconduct (or if the employee has left the Bank but his/her previous misconduct, which will lead to the employee's dismissal if he/she was still employed, discovered after he/she had already left the Bank), the Bank also reserves the right to claw back all or part of the cash bonuses or deferred bonuses paid in accordance with relevant local laws. The Bank may exercise this right within 5 years from the date of the last payment of the deferred bonus plan or from other periods (which may be less or longer than 5 years in accordance with local laws and regulations).

In 2024, the Bank has paid the performance bonus of CNY 21.59 million to employees, who are senior management executives and employees with material impact on risks. This amount includes a total of CNY 13.72 million of the performance bonus deferred from the previous years. In addition, the Bank has not made any severance payment to any of the senior management executives or employees with material impact on risks.

Specific remuneration information for senior management executives and employees with material impact on risks is as follows:

	Fixed Compensation	Variable Compensation	Deferred Compensation	Others
Senior Management Executives and Employees with Material Impact On Risks	CNY52.24 million	CNY7.87 million	CNY13.72 million	CNY7.19 million

For deferred and retained compensation, the Bank has not made any explicit or implicit adjustment in 2024.

9. Basic Information of Major Senior Management Executives and Employees with Material Impact On Risks

The list of Major Senior Management Executives and Employees with Material Impact On Risks for 2024 is as follows:

SN	Name	Position	Department
1	LAI Chang-geng	Chief Executive Officer	CEO Office
2	Fang ZHANG	Deputy Chief Executive Officer Head of Corporate Coverage, China	Corporate Coverage
3	ZHANG Jin	Deputy Chief Executive Officer Chief Operating Officer	Finance & Control, IT and Operations
4	You Fang ZHANG	Deputy Chief Executive Officer	CEO Office
5	George H SUN	Deputy Chief Executive Officer Head of Global Markets, China (departed from BNPP China on 17 Jan 2025)	Global Markets
6	JIA Minghao	Chief Risk Officer	Risk Management
7	QIU Ling	Head of Finance & Control	Finance & Control
8	ZHU Yunlan	Head of Internal Audit	Internal Audit
9	BAO Xutao	Head of Compliance, China	Compliance
10	Yang Yi	Chief Information Officer	Information Technology
11	QIU Ju	Branch Manager (departed from the position of Branch Manager, Beijing Branch on 15 October 2024.)	Beijing Branch
12	LI Jin	Branch Manager (approved by NFRA Beijing on 15 October 2024)	Beijing Branch
13	WU Wei	Branch Manager	Tianjin Branch
14	JIE Xiaobo	Branch Manager (departed from the position of Branch Manager, Guangzhou Branch on 25 April 2024) Board Secretary (approved by NFRA Shanghai on 25 April 2024)	Guangzhou Branch Board
15	ZHANG Ling	Branch Manager (approved by NFRA Guangdong on 24 June 2024)	Guangzhou Branch

10. Self-Assessment of Corporate Governance

In summary, the Bank's corporate governance is basically sound and effective. Meanwhile, the Bank actively took measures to continuously improve its corporate governance system.

V. Annual Significant Events

Changes on the Senior Management:

- Appointment of Mr. Jie Xiao Bo as Secretary of the Board of Directors from April 25, 2024; at the same time, he left from the position of Branch Manager of Guangzhou Branch.
- Appointment of Ms. Zhang Ling as Branch Manager of Guangzhou Branch from June 24, 2024.
- Appointment of Ms. Li Jin as Branch Manager of Beijing Branch from October 15, 2024.
- Ms. Qiu Ju left the position of Branch Manager of Beijing Branch with effect from October 15, 2024.
- Resignation of Mr. George Sun from the position of Deputy CEO of BNP Paribas (China) Limited on Jan 17, 2025.

VI. Capital Adequacy Ratio Situation

1. Banking Group Name, Capital Adequacy Ratio calculation scope and consolidation scope and differences

BNP Paribas (China) Ltd. belongs to BNP Paribas Group and is the whole owned subsidiary of BNP Paribas S.A.

BNP Paribas calculates the capital adequacy ratio in accordance with "Rules for Regulating the Capital Adequacy Requirement of Commercial Banks" and relevant regulations. The scope of capital adequacy ratio calculation is legal person, including Head office and all branches.

BNP Paribas (China) Ltd. has no equity investment inside and outside China, therefore there is no need to consolidate financial statements or calculate capital adequacy ratio on consolidated basis. And there is no difference in the two scopes, both at legal person level. In the reporting period, there is no capital transfer constraint.

2. Amount of capitals and all level of capital adequacy ratios

Up to Dec. 31 2024, BNP Paribas (China) Ltd's correspondence between regulatory capital items and audited financial statement items are as follows:

Item	Audited Financial Statement
Paid-in capital	Paid-in capital
General reserve	General reserve
Surplus reserve	Surplus reserve
Retained earnings	Retained earnings
Accumulated other comprehensive income	Other comprehensive income
Other intangible assets (excluded land-use right) (net of associated deferred tax liabilities)	Intangible assets
Deferred tax assets that relying on future profitability of the bank (net of associated deferred tax liabilities)	Deferred tax assets

Key prudential regulatory indicators and overview of risk-weighted assets

KM1 Key prudential regulatory indicators

Unit: CNY Mio, %

Items		Dec. 31 2024	Sep. 30 2024	Jun. 30 2024	Mar. 31 2024
Available capital					
1	Net Common Equity Tier 1 capital	10,957	11,424	11,351	11,191
2	Net Tier 1 capital	10,957	11,424	11,351	11,191
3	Net capital	11,358	11,963	11,836	11,629
Risk-weighted Assets					
4	Risk-weighted Assets (RWA)	71,289	65,203	67,418	64,174
Capital adequacy ratio (CAR)					
5	Common Equity tier 1 capital adequacy ratio (%)	15.4%	17.5%	16.8%	17.4%
6	Tier 1 capital adequacy ratio (%)	15.4%	17.5%	16.8%	17.4%
7	Capital adequacy ratio (CAR) (%)	15.9%	18.3%	17.6%	18.1%
Total of bank CET1 specific buffer requirements					
8	Capital conservation buffer requirement (%)	2.5%	2.5%	2.5%	2.5%
9	Countercyclical buffer requirement (%)	0.0%	0.0%	0.0%	0.0%
10	Bank G-SIB and/or D-SIB additional requirements (%)				
11	Total of bank CET1 specific buffer requirements (%) (8+9+10)	2.5%	2.5%	2.5%	2.5%
12	CET1 available after meeting the bank's minimum capital requirements (%)	7.9%	10.3%	9.6%	10.1%
Leverage ratio					
13	Total leverage ratio exposure measure	83,261	87,606	82,713	70,942
14	Leverage ratio (%)	13.2%	13.0%	13.7%	15.8%
14a	Leverage ratio a (%)	13.2%	13.0%	13.7%	15.8%
LCR					
15	Total high-quality liquid assets (HQLA)	N/A	N/A	N/A	N/A
16	Total net cash outflow	N/A	N/A	N/A	N/A
17	LCR (%)	N/A	N/A	N/A	N/A
NSFR					
18	Total available stable funding	N/A	N/A	N/A	N/A
19	Total required stable funding	N/A	N/A	N/A	N/A
20	NSFR (%)	N/A	N/A	N/A	N/A
Liquidity Ratio					
21	Liquidity Ratio (%)	116.7%	104.6%	110.0%	102.6%

Capital composition

CC1 Capital composition

Unit: CNY Mio, %

Items		Dec. 31 2024	Jun. 30 2024
Common Equity Tier 1 capital			
1	Accruable part of Paid-in Capital and Capital Reserve	8,711	8,711
2	Retained Earnings	2,240	2,640
2a	<i>Surplus Reserve</i>	701	662
2b	<i>General Reserve</i>	659	659
2c	<i>Undistributed profit</i>	880	1,319
3	Accumulated other comprehensive income	48	33
4	Accruable part of Minority Shareholder Capital	0	0
5	Common Equity Tier 1 capital before regulatory adjustments	10,999	11,385
Common Equity Tier 1 capital: regulatory adjustments			
6	Prudent valuation adjustments	0	0
7	Goodwill (net of associated deferred tax liabilities)	0	0
8	Other intangible assets (excluded land-use right) (net of associated deferred tax liabilities)	42	33
9	Deferred tax assets (DTA) that rely on future profitability	0	0
10	Cash flow hedge reserve for items not measured at fair value	0	0
11	Shortfall of provisions to expected losses	0	0
12	Gain on sale from asset securitization	0	0
13	Gains and losses due to changes in own credit risk on fair valued liabilities	0	0
14	Defined benefit pension fund net assets	0	0
15	Investments in own shares	0	0
16	Reciprocal cross-holdings in CET1 capital instruments	0	0
17	Deductible amount of investments in the common shares of unconsolidated financial institutions in CET1 capital instruments	0	0
18	Deductible amount of significant investments in the common shares of unconsolidated financial institutions in CET1 capital instruments	0	0
19	Other DTA items that rely on the bank's future profitability	0	0
20	Amount to be deducted if the unrecognized portion of significant investments in the common shares of unconsolidated financial institutions and net DTA that rely on future profitability of the bank exceeds 15% threshold of CET1 capital	0	0

21	Of which: significant investments in the common shares of financial institutions	0	0
22	Of which: DTA that relying on future profitability of the bank	0	0
23	Other items to be deducted from CET1 capital	0	0
24	Adjustments applied to Common Equity Tier 1 capital due to insufficient Additional Tier 1 and Tier 2 capital to cover deductions	0	0
25	Total regulatory adjustments to Common Equity Tier 1 capital	42	33
26	Net Common Equity Tier 1 capital (CET1)	10,957	11,351
Additional Tier 1 capital			
27	Directly issued qualifying additional Tier 1 capital plus related stock surplus	0	0
28	Of which: classified as equity	0	0
29	Of which: classified as liabilities	0	0
30	Accruable part of Minority Shareholder Capital of additional Tier 1 capital	0	0
31	Additional Tier 1 capital before regulatory adjustments	0	0
Additional Tier 1 capital: regulatory adjustments			
32	Investments in own additional Tier 1 capital	0	0
33	Reciprocal cross-holdings in additional Tier 1 capital	0	0
34	Deductible amount of investments in the common shares of unconsolidated financial institutions in additional Tier 1 capital	0	0
35	Deductible amount of significant investments in the common shares of unconsolidated financial institutions in additional Tier 1 capital	0	0
36	Other items to be deducted from additional Tier 1 capital	0	0
37	Regulatory adjustments applied to additional Tier 1 capital due to insufficient Tier 2 capital to cover deductions	0	0
38	Total regulatory adjustments to additional Tier 1 capital	0	0
39	Additional Tier 1 capital	0	0
40	Net Tier 1 capital	10,957	11,351
Tier 2 capital			
41	Directly issued qualifying Tier 2 capital plus related stock surplus	0	0
42	Accruable part of Minority Shareholder Capital of Tier 2 capital	0	0
43	Accruable part of excess loss provision	401	484
44	Tier 2 capital before regulatory adjustments	401	484
Tier 2 capital: regulatory adjustments			

45	Investments in own Tier 2 capital	0	0
46	Reciprocal cross-holdings in Tier 2 capital and TLAC non capital debt instrument investment	0	0
47	Deductible amount of investments in the common shares of unconsolidated financial institutions in Tier 2 capital	0	0
48	Deductible amount of significant investments in the common shares of unconsolidated financial institutions in Tier 2 capital	0	0
49	Other items to be deducted from Tier 2 Capital	0	0
50	Total regulatory adjustments to Tier 2 capital	0	0
51	Net Tier 2 capital	401	484
52	Total net capital	11,358	11,836
53	Total risk-weighted assets (RWA)	71,289	67,418
Capital adequacy ratio and Institution-specific buffer requirement			
54	Common equity tier 1 capital adequacy ratio	15.4%	16.8%
55	Tier 1 capital adequacy ratio	15.4%	16.8%
56	Capital adequacy ratio (CAR)	15.9%	17.6%
57	Institution-specific buffer requirement (%)		
58	of which: capital conservation buffer requirement	2.5%	2.5%
59	of which: countercyclical Buffer Requirement	0.0%	0.0%
60	of which: Bank G-SIB and/or D-SIB additional requirements		
61	Common Equity Tier 1 capital (as a percentage of risk weighted assets) available after meeting the bank's minimum capital requirements	7.9%	9.6%
National minimum capital requirements			
62	National minimum Common Equity Tier 1 capital adequacy ratio	5%	5%
63	National minimum Tier 1 capital adequacy ratio	6%	6%
64	National minimum Total capital adequacy ratio	8%	8%
Unrestricted portion of threshold deduction items			
65	Non-significant investments in the capital of other financial entities	0	0
66	Significant investments in the common stock of financial entities	0	0
67	Deferred tax assets that relying on future profitability of the bank (net of associated deferred tax liabilities)	193	184
Limit of Provisions eligible for inclusion in Tier 2			
68	Inclusion of provision in Tier 2 in respect of exposures subject to the Standardized approach	401	484
69	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the Standardized approach	401	484

3 Internal Capital Adequacy Assessment Process, Capital Planning and capital adequacy ratio monitoring

The Internal capital adequacy assessment process of BNP Paribas (China) Ltd. includes governance framework, risk identification and assessment, stress test, capital assessment, capital planning and emergency management, which assess the capital adequacy under comprehensive considering and evaluation of the major risk faced by the bank. Capital planning is to ensure the capital adequacy ratio level is in line with the China business development strategy, risk appetite, risk manage ability and external operating environment, to fulfil short term and long-term capital needs, and take into consideration the capital supplement source and long-term sustainability. BNP Paribas (China) Ltd. monitors dynamically and closely the capital adequacy ratio situation through calculation of capital adequacy ratio and reasonably forecast and improve the efficiency of capital utilization.

VII. Liability Quality Management

General Guideline of Liability Quality Management serves as an overarching guideline for the governance in liquidity / liability management in BNPP (China) Ltd.

Within BNPP (China) Ltd., the Board assumes the ultimate responsibility of liability quality management. ALCO, which is a specialized committee under CEO's supervision, assumes the mandate of steering liability quality management.

On a more frequent basis, CHAM committee meets and reviews various client deposit related topics, and meeting minutes are submitted to ALCO for review.

The main departments that are involved in the liability management related activities include: ALMT, LIS, TB, Coverage, RISK and Finance. Among them, in principle, ALMT is mainly responsible for the interbank liability business, while LIS coordinates corporate deposit relevant business with support from TB and Coverage etc. RISK is in charge of reviewing and monitoring relevant risk indicators while Finance delivers the computation and reporting of regulatory data.

In 2024, in line with its strategy, risk appetite and respective businesses' opportunities, BNPP (China) Ltd. reviewed the General Guideline of Liability Quality Management and only some minor changes were deemed required and they were validated by ALCO. The elements of liabilities quality management meet the CBIRC requirements.

The following main regulatory ratios are monitored on a daily basis and were in compliance throughout the year of 2024:

1. Onshore Interbank Funding Ratio
2. High-Quality Liquidity Assets Adequacy Ratio
3. Liquidity Matching Ratio
4. Liquidity Ratio

VIII. Corporate Social Responsibility

“We are at the service of our clients and the world we live in”, BNP Paribas’ mission is to contribute to responsible and sustainable economy by financing and advising its clients according to the highest ethical standards. We offer secure, sound and innovative financial solutions to individuals, professional clients, corporate and institutional investors while striving to address the fundamental challenges of today with regard to the environment, local development and social inclusion.

Our Corporate Social Responsibility approach allows us to take part in building a sustainable future while promoting the Group’s performance and stability. This strategy relies on four pillars of responsibility: The Economy, Our People, The Community and The Environment, which are in line with the United Nations 17 Sustainable Development Goals (SDGs). As the bank for a changing world, BNP Paribas has become one of the first companies to include a clear reference to the SDGs in our CSR strategy since 2015. In line with its company purpose, BNP Paribas’ 2025 strategic plan, named “Growth, Technology, Sustainability” (GTS), placed sustainability, including climate-related issues, at the heart of its strategy, reaffirmed its responsibility to leverage its European leadership to provide a full contribution to a more sustainable and inclusive economy. Within the Sustainability pillar of the strategic plan, The Group has defined three strategic areas to accelerate the implementation of its commitments in CSR and sustainable finance: Aligning our portfolios with our carbon neutrality commitment; Engaging with clients to accompany them in the transition towards a sustainable & low-carbon economy; Strengthening our sustainability culture and expertise, steering tools, processes & set-ups.

In line with BNP Paribas group policy, BNP Paribas (China) Limited (“BNPP China” or the “Bank”) has established the BNP Paribas China CSR Committee to help achieve the Group's global vision of becoming a leader in CSR in the banking sector, while deepening the Bank's CSR initiatives in China. The Committee's main responsibilities include setting guidelines for BNPP China's CSR strategy and monitoring its progress. The Committee is composed of 15 staff members holding senior positions in China, representing different business lines, branches and functional departments. The Committee discusses plans and budgets for annual work and ad-hoc projects through regular meetings and regularly reviews and summarizes project progress.

The Economic Responsibility

Financing the economy in an ethical manner

BNP Paribas’ primary mission is to meet its clients’ needs, in particular by financing the projects of individual clients and businesses in an ethical manner, in order to drive economic development and create jobs. Given its leading positions in financial services in the 64 locations in which it operates, the Group’s financing capacity and the way it conducts its business can have a direct impact on local economies. Aware of this economic responsibility, BNP Paribas bases its actions on its three commitments:

- Investments and financing with a positive impact
- Ethics of the highest standard
- Systematic integration and management of environmental, social and governance risks

BNP Paribas believes that rigorous risk control is an important responsibility of the bank to its customers or the entire financial system. Under the guidance of the Group, BNP Paribas China provides customers

with complete financial solutions by strictly controlling risks, complying with Chinese laws and regulations, and adhering to regulations and strict business ethics.

Investments and financing with a positive impact

BNP Paribas is committed to managing its financing and investment activities for a net zero economy by 2050.

BNP Paribas mobilize its integrated model and all business lines in supporting clients in the transition towards a sustainable & low-carbon economy. Aligning our portfolios with our carbon neutrality commitment, trajectory for a reduction in CO2 emissions corresponding to financing of the sectors with the highest levels of emissions (NZBA). Aligning the objectives of Group's business lines with shared objectives by sectors taking into account client transition.

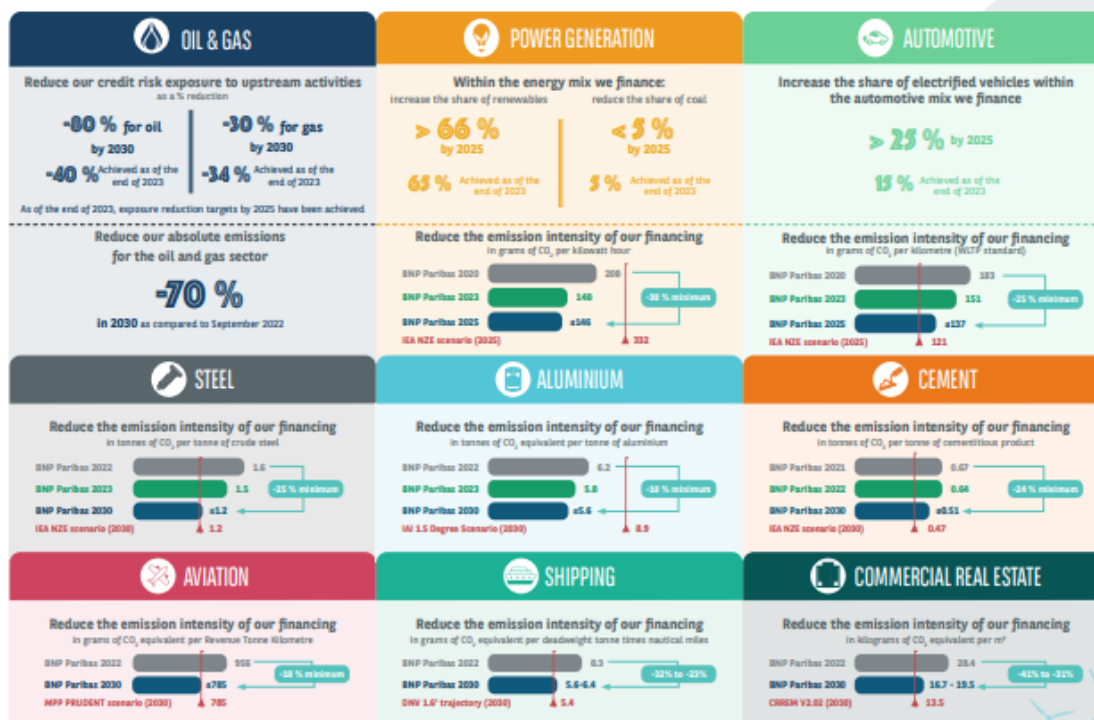
Mobilised alongside customers to support them in the transition to a sustainable economy and align portfolios with the commitment to carbon neutrality. BNP Paribas has set up a CSR dashboard to help guide its strategy in this area. As part of the launch of its GTS 2025 strategic plan, the Group has defined new CSR indicators, with commitments for 2025. The indicators include Amount of sustainable loans, Amount of sustainable bonds, Amount of article 8 and 9 assets under management according to the SFDR, Amount of the support enabling our clients to transition to a low carbon economy, Amount of financing to companies contributing to terrestrial and marine biodiversity protection and etc.. BNP Paribas will invest 350 billion Euros in sustainable loans and sustainable bonds by 2025 to help corporate clients deal with key issues such as environment and social development. By 2025, BNP Paribas will provide 200 billion Euros financial support enabling clients' transition to a low-carbon economy.

In order to support the transition to a low-carbon economy, we are committed to limit the emissions of greenhouse gases from our loan portfolio. We have also made strong commitments based on the International Energy Agency's Net Zero Emissions by 2050 scenario and other science-based scenarios, for sectors with the highest emissions. The graphics below shows how we have advanced in the three sectors with decarbonization targets announced in 2022 - oil & gas, power generation and automotive - as well as the three other sectors with targets announced in 2023: steel, aluminium and cement. In 2024, we have set portfolio alignment targets for three additional sectors: aviation, shipping, and commercial real estate.

It is worth mentioning that, except for the automotive, cement, shipping and commercial real estate sectors, the financed carbon emission intensity targets set by BNP Paribas are less than or equal to the IEA's 2025 net zero emission targets. Our Climate Report released in 2024 has clearly indicated the progress we have made in various sectors since emissions targets have been set.

BNP PARIBAS' NET-ZERO COMMITMENTS AND TRAJECTORY: WHERE DO WE STAND?

In order to support the transition to a low-carbon economy, we are committed to limit the emissions of greenhouse gases from our loan portfolio. We have also made strong commitments based on the International Energy Agency's **Net Zero Emissions by 2050** scenario and other science-based scenarios, for sectors with the highest emissions. You can see at a glance how we have advanced on the three sectors announced in **2022 - oil & gas, power generation and automotive** - as well as the three other sectors announced in **2023: steel, aluminium and cement**. In **2024**, we are setting portfolio alignment targets for three additional sectors: **aviation, shipping, and commercial real estate**.



IN 2050...

our objective is to have contributed to the emergence of a low-carbon economy, in line with the 2015 Paris Agreement and our commitments as a member of the Net-Zero Banking Alliance

Following the Group's low-carbon transition path and China's "carbon peak and carbon neutrality" strategy, BNP Paribas China has formulated a transition finance strategy suitable for the Chinese market to support the low-carbon transition of high-carbon emission industries with innovative and diversified finance solutions, to develop low-carbon sustainable finance with BNPP's characteristics and tailored to the local market environment.

Ethics of the Highest Standard

BNP Paribas strives to conduct its businesses in an ethical and responsible way as a major provider in financial products and services. By contributing to economic development and job creation in worldwide markets, the Group makes every effort to pursue this commitment. The respect of the most rigorous ethical standards is a prerequisite at BNP Paribas. All Group employees, including China employees are required to strictly respect all laws, rules and regulations in effect, as well as all professional standards that apply to their activities. In the event of conflict between the laws of a country and BNP Paribas'

ethical rules, each individual is required to respect local legislation while at the same time looking for ways to apply and respect internal ethical rules.

A Comprehensive ESG (Environmental, Social and Governance) Risk Management Approach

BNP Paribas group's global credit policy and procedure has incorporated ESG risks, especially climate related risks into the group risk management framework, with internal system and mechanism to identify, assess and manage relevant risks. Our business lines, CSR department and Risk department work together to manage risks related to climate and energy transition in their daily work.

Since 2011, BNP Paribas has gradually deepened and broadened its framework to manage the ESG risks that may affect its activities. Initially focused on the most sensitive sectors from an ESG point of view with the development of CSR policies towards those sectors of most environmental and social exposure, the framework is now becoming more exhaustive to gradually cover all the sectors of the economy in which we have customers. At the same time, sectoral policies are regularly updated to better address new challenges facing the relevant sectors.

BNP Paribas takes ESG criteria into account in its decision-making processes. ESG criteria are integrated into the Know Your Client (KYC) and in credit and rating policies. All BNP Paribas credit proposals must include client's ESG risk assessment to fully integrate ESG risk management into existing credit decision-making processes.

BNP Paribas has rolled out the ESG Assessment Tool which is a global tool to identify, assess and monitor the ESG performance and risks of corporate clients. By assessing key ESG aspects of clients by sector with a common approach within the Group for a given customer segment, the assessment aims to perform a systematic ESG analysis as part of the credit process. It covers the environmental (climate and biodiversity), social (health, safety and impact on communities) and governance (business ethics) dimensions through a set of questions, supplemented by an analysis of the controversies affecting the client. The questionnaires developed in this context are specific to each sector in order to better integrate the challenges and issues specific to their activities. This tool will assess clients' compliance with sectoral policies, as well as the maturity of their ESG strategy and its implementation. The deployment of ESG Assessment, included in the credit files for all business sectors and business groups, enables the RISK Function as the 2nd line of defence against ESG risks to exercise greater control over the ESG dimensions during credit committees, based on the results of the ESG assessment.

ESG Assessment has been rolled out to all large corporate clients by the end of 2023. It has been adopted for medium-sized corporate customers and financial institutions by the end of 2024. BNPP China has also established a comprehensive ESG assessment management framework in accordance with the group's requirements to strengthen the bank's ESG risk management on clients. RM and CTCM should ensure that client groups' ESG risk profile analysis and RM's opinions be included in credit proposals. Such credit proposals are submitted to and reviewed and approved by Credit Committee with relevant ESG information presented.

BNP Paribas considerably enhanced its ESG training offering. It now covers a broad spectrum ranging from general awareness-raising on the major ESG issues related to the energy transition, the protection of biodiversity and respect for human rights, to expert training on ESG risk management setups and the offer of sustainable finance products and services. In 2024, BNPP China staff completed more than 440 online and offline trainings related to ESG and sustainable development.

Supporting the Transition by Offering a Wide Range of Sustainable Products

Sustainability is at the heart of BNP Paribas' strategy.

BNP Paribas accompanies our clients with complete solutions, providing financial toolbox to answer clients' sustainability financing and investing needs.

In terms of financing, BNP Paribas provides products and products linked to ESG performance, including green loans, green bonds, transition bonds, sustainable indicator-linked loans/bonds, sustainable supply-chain financing, sustainable deposits and etc. On investment, BNP Paribas provides services to help enterprises adapt their business models to sustainable development, help clients achieve sustainable transition and development through mergers and acquisitions and industrial investments, help clients invest in sustainable assets and meet their ESG investment strategies. BNP Paribas also offers sustainable hedging solution, such as interest-rate derivatives linked to sustainable indicators to encourage clients meet their ESG performance targets.

BNPP China is one of the most active international banks in sustainable finance in China. We develop sustainable finance business in accordance with the guidance of Group strategy and the relevant regulatory policies, focusing on energy transition and designated sustainable industries and fields. In 2024, the sustainable finance business has covered several sectors, including new energy vehicle and green vessel production, development of charging facilities, manufacturing of hydrogen cell systems, recycling and re-utilization of industrial solid waste, clean energy facility construction and operation, green buildings,, etc. BNPP China actively cooperates with the Group and international institutions to support sustainable finance business in offshore market for Chinese financial institution and corporates through sustainable bonds and loans, as well as provide finance solutions to support Chinese corporates and Multinational Corporation in their sustainable developments in China onshore.

- **In 2024, we successfully concluded or assisted in closing several sustainable finance transactions related to China:**

- Polestar's first green syndicated loan
- HTWO Guangzhou green loan
- Great Wall AFC (Binyin) Green ABS
- Bank of China: the world first Inaugural SGS Bond
- Benz AFC Green ABS
- Haier Smart Home: The first company to establish a sustainable financing framework in which the green and social financing part is linked to the financing part of sustainable development indicators in Home Appliances field in APAC
- Yutong Bus: First Green-labelled Bank Guarantee facility in China (Guarantee issuing bank)
- Zhejiang Tianneng Green and Sustainable Linked Syndicated Loan
- Suzano, the first corporation from the Americas outside the financial services sector to issue Panda Bonds in China onshore market by a foreign issuer.

- **Assisting Chinese enterprises in cooperating with multinational companies, to share internationally advanced green technologies in their low carbon transition.**

For example, we financed the joint venture project between Envision Energy and Total in distributed solar energy and the partnership between Xiaoju and BP in EV charging business, etc.

- **BNP Paribas China also actively cooperates and coordinates with the head office and our international network, to leverage our own advantages to help Chinese financial institutions develop their sustainable finance business in both the onshore and offshore markets:**

China Merchants Bank:

May 2024, BNP Paribas acted as a joint lead manager to help CMB Financial Leasing successfully print a USD500mn 3Y Senior Unsecured “Green City” Themed Green Floating Rate Notes. This bond issuance refinances existing debt for eligible green projects in the renewable energy and clean transportation categories under the company's Sustainable Financing Framework.

Bank of Communications:

June 2024, BNP Paribas acted as joint bookrunner to assist Bank of Communications Financial Leasing to successfully issue the first offshore CGT-aligned green bond of 3Y USD 950mn in both fixed and floating rates. This bond issuance is the first offshore green bond issued by a Chinese non-bank financial institution that meets the standards of China-EU “Common Ground Taxonomy” (“CGT”). The net proceeds of this issuance will be used to finance and/or refinance Eligible Green Projects as defined under "Clean Transportation (General)" and "Renewable Energy" categories of Bank of Communications Financial Leasing Sustainable Finance Framework as published on the Company’s website.

China Construction Bank:

July 2024, BNP Paribas acted as joint bookrunner on China Construction Bank London branch’s 3Y CNH 2bn blue bond issuance. This is the group’s first blue bond and issued in accordance with CCB’s green, social, sustainability and sustainability-linked bond framework. The net proceeds of this issuance will be used to finance and/or refinance, in whole or in part, loans to customers involved in, as well as the bank's own operational activities in eligible projects which satisfy the blue criteria of the Green Eligible Categories which comply with the Green Bond Principles and the Bonds to Finance the Sustainable Blue Economy as described under the GSSS Bond Framework.

Bank of China:

August 2024, BNP Paribas acted as joint global coordinator and joint ESG structuring advisor to help Bank of China Frankfurt branch successfully print 2Y CNH2.5bn inaugural Sustainability-linked, green and social (SGS) bonds. Funds raised will be used to finance and/or refinance eligible sustainability-linked, green and social loans (“SGS”) simultaneously, as defined in the BOC Frankfurt Branch SGS Bond Framework (the “SGS Bond Framework”).

October 2024, BNP Paribas acted as joint global coordinator and the billing and delivery(B&D) bank for Bank of China Paris branch USD300mn floating rate green note. All the net proceeds of the green bond will be used to finance and/or refinance Eligible Projects as defined in the Bank of China Limited Sustainability Series Bonds Management Statement.

- **BNP Paribas China maintains close communication with relevant regulatory authorities to promote the development of related businesses in China.**
 - BNP Paribas China joined the People’s Bank of China’s pilot program for environmental information disclosure by financial institutions and submitted BNP Paribas China’s environmental information disclosure report to the regulator for the first time in 2023. In the third quarter of 2024, BNPP China continued to submit the 2023 BNP Paribas China Environmental Disclosure Report to the regulator.
 - In 2024, BNP Paribas China participated in the pilot program of carbon emissions accounting and information disclosure for financial institutions in Pudong New Area

organized by the Pudong Financial Bureau. The 2023 Environmental Information Disclosure Report is based on the relevant requirements of the "Technical Guidelines for Carbon Accounting of Financial Institutions (Trial)" issued by the People's Bank of China, and is prepared with reference to the draft "Guidelines for Carbon Emissions Accounting and Information Disclosure of Financial Institutions in Pudong New Area". Compared with the 2022 annual report, it not only expands the disclosure scope, improves the quality of disclosed information, and provides more detailed content, but also carries out accounting work on the bank's Scope 1, Scope 2 and Scope 3 carbon emissions.

- In the first quarter of 2023, BNP Paribas (China) Co., Ltd. was included in the scope of financial institutions of the People's Bank of China's carbon emission reduction support tools. BNP Paribas China started applying for PBOC funding under the carbon emission reduction support tool in the second quarter of 2024. As of the end of 2023, the amount of PBOC carbon reduction funding support BNP Paribas China had received is the largest among all international banks.
- BNP Paribas China actively participated in the research on establishing a green and sustainable financial business regulatory system organized by the People's Bank of China and other regulatory agencies, providing a large amount of information on the relevant regulatory framework of European financial regulatory authorities and the development trends of green financial business of European banks and contributed to the establishment of domestic green finance standards and regulatory systems.
- BNP Paribas China is also a key member of China Green Finance Committee and the Founding Chairman of the Green Finance Professional Committee of Shanghai Financial Industry Federation. By actively engaging in committee's activities, BNP Paribas provided strong and professional contribution to the development of China Green Finance industry with its global network expertise and technology.
- BNP Paribas China is also the founding chairman of the Green Finance Professional Committee of the Shanghai Financial Association. At the Green Finance Parallel Forum of the Carbon Expo in June 2023, the Green Finance Special Committee of the Shanghai Financial Industry Federation was officially unveiled.
- **We actively strengthen the internal system and institution on sustainable finance, conduct relevant training and improve business capabilities.**
 - In line with relevant local regulations and BNP Paribas Group's business strategy, BNP Paribas (China) Limited releases Sustainable Finance Procedure Guidelines in 2023 to define scope of responsibility and work procedures including business scope, governance and organization, validation and approval, reporting, monitoring, performance appraisal and internal control, to further improve the management of Sustainable Finance and accelerate the transition towards sustainable development.
 - Monthly China Sustainable Finance marketing meeting across departments to update business status, market info and regulatory evolution in sustainable finance in and outside of China.
 - Strengthening our sustainability culture and provide ESG related training to staff. More than 440 online and offline ESG sustainable development trainings for China staff were organized in 2024.

BNP Paribas is an important participant in China-EU green financial cooperation

BNP Paribas is an important participant and actively promotes global harmonization of standards through dialogues. We made contribution for establishment and improvement of EU China Common Ground Taxonomy and actively promote its implementation in the business development. In June 2022, BNP Paribas supported Bank of China Frankfurt Branch for completing the 1st ever green bond under the updated version of the EU-China Common Ground Taxonomy. Published by the International Platform for Sustainable Finance on June 3, the updated Common Ground Taxonomy covers a list of shared economic activities that will make substantial contributions to climate change mitigation. Bonds issued under the Common Ground Taxonomy are set to offer transparency, comparability and standardization for investors. BNP Paribas also assisted China Industrial Bank in printing green bond. The transaction marks the first green bonds in alignment with China-EU “Common Ground Taxonomy” from Chinese joint stock banks. In June 2024, BNP Paribas acted as joint bookrunner to assist Bank of Communications Financial Leasing to successfully issue the first offshore CGT-aligned green bond of 3Y USD 950mn in both fixed and floating rates. This bond issuance is the first offshore green bond issued by a Chinese non-bank financial institution that meets the standards of China-EU “Common Ground Taxonomy” (“CGT”).

BNP Paribas is member as well as co-chair Sino-French Business Council, which was establishment in 2018, and BNP Paribas China actively coordinate and supported the council. In May 2024, Jean Lemierre, Chairman of BNP Paribas Group, attended the 6th Meeting of the China-France Business Committee in Paris, as the French Chairman of the Committee.

BNP Paribas will continue to promote global sustainable development cooperation, actively integrate into global green governance, mobilize and coordinate global green financial resources, and jointly foster for deep and solid cooperation in green finance between China and EU.

BNP Paribas actively participated in various high-level forums in China and made important speeches on topics such as sustainable finance.

Continuous confidence and support of the BNP Paribas Group Senior Management to the sound, green and sustainable development of the Chinese economy and to the service of our Chinese and international clients through numerous participations of our Group Chairman, China Leadership to events, conferences and seminars in 2024:

- In March 2024, Mr. Jean Lemierre, Chairman of BNP Paribas Group attended China Development Forum in Beijing.
- In May 2024, Jean Lemierre, Chairman of BNP Paribas Group, attended the 6th Meeting of the China-France Business Committee in Paris, as the French Chairman of the Committee.
- In 2024, BNP Paribas China participated in the Shanghai Pudong Green Finance Development and Pudong New Area Innovation Promotion Conference and was awarded the "Carbon Emission Accounting and Information Disclosure Pilot Unit" plaque. BNP Paribas Air Liquide's low-carbon hydrogen production green loan was selected as one of the Pudong New Area's Top Ten Green Finance Deals.
- The 2024 Shanghai International Carbon Neutrality Expo was held in June 2024. As the Founding Chairman of the Green Finance Committee of the Shanghai Financial Association (SFA), BNP Paribas (China) Limited attended the Expo, showcasing the updated commitment, action plan and

achievements of BNP Paribas Group in its decarbonisation effort.

- In the second quarter of 2024, BNP Paribas submitted its annual report to the Belt and Road Green Investment Principles (GIP) and received the Best Practice Award
- In 2024, Mr. Jean Lemierre, Chairman of BNP Paribas Group, participated in the 2024 International Advisory Committee Annual Meeting of China Investment Corporation (CIC).
- In September 2024, BNP Paribas participated in the 36th International Business Leaders' Advisory Council for Shanghai Mayor, focusing on theme of "Leading Paradigm Transformation, Expanding Opening-up and Cooperation, Advancing Shanghai's International Sci-tech Innovation Center Initiative in the New Era". It participated in the sharing of insights and cases by international entrepreneurs, and jointly discussed how to promote Shanghai's sustainable development through scientific and technological innovation and strengthen international cooperation to meet global challenges.
- Other events that BNP Paribas participated in include but are not limited to:
 - The 15th Lujiazui Forum Special Event - 2024 China-Europe International Finance Roundtable
 - Shanghai Climate Week Green Finance and Sustainable Development Forum
 - Shanghai Pudong Green Finance Development and Pudong New Area Innovation Promotion Conference
 - Bloomberg New Energy Finance Shanghai Summit
 - 2024 Guangdong Green Finance Reform and Innovation Promotion Conference
 - Shanghai Transition Finance Promotion Conference
 - ESG Best Practices Corporate Visit Series

Our Social Responsibility

Promoting employee development and commitment

Our social responsibility is rooted in three principles: promoting diversity, equity and inclusion; providing a "good place to work" and ensuring responsible employment management; and acting as a learning business offering dynamic professional path. By adopting these three ambitious objectives, our aim is to facilitate employee development and commitment.

- Promotion of diversity, equity and inclusion in the workplace
- A good place to work and responsible employment management
- A learning company supporting dynamic professional path

Diversity, equity and inclusion are core commitments of BNP Paribas.

Going beyond regulatory and legal requirements, BNP Paribas has for years developed a committed and responsible Diversity, Equity & Inclusion policy in all countries where the Group does business. Diversity, Equity and Inclusion, ensuring respect and professional equity for all within the Group. Wide diversity and a real inclusion of differences are essential ingredients for everyone to flourish and for the continuous reinforcement of our "Agility", "Openness" and "Good Place to Work" values.

BNP Paribas has based its policy on three priorities that we pursue on an international level: Professional equity between women and men, Multiculturalism and Diversity of origin, Disability.

Taking action for diversity, equity and inclusion also requires training and raising the awareness of all employees. BNP Paribas reaches out to all its employees through an increasing number of local initiatives (e-learning, conferences, signing of charters, etc.), while also contributing to developing these values beyond our company gates. Diversity, Equity & Inclusion Week is a highlight for BNP Paribas and all of its employees around the world: an opportunity for the Group to promote diversity, respect for others and to demonstrate the importance of everyone's commitment on a daily basis.

BNP Paribas employees have a personalized space to monitoring their professional development. Throughout the year, employees can enrich their Personal Development Plan to receive development offers tailored to their needs and those of the company, by providing information on their skills. The platform also enables staff to enrich their interactions between their manager and HR, thus promoting professional development and notably transversal mobility within the Group.

BNP Paribas develops a dedicated, personalised and increasingly digital experience to support the professional development of all employees. Continuously grow and develop. This is what we are committed to - the professional development of our people day after day, and belief in continuously learning. They can choose from a wide range of learning programs in innovative formats. We also want them to be proactive: they decide which courses they want to take and when.

During the recruitment process (and at every step in their careers), all of our employees benefit from an equal playing field. They have access to the same level of information concerning job openings, while we always evaluate their skills and qualifications in total objectivity.

Our human resources approach is rooted in a strong principle: diversity. In other words, we welcome people from every background so that our company represents the diversity of our society. All of our sites and locations are also managed in a way that respects our own values – outlined by general management and our employees in the BNP Paribas Way – and promotes diversity and equal opportunity!

Civic Responsibility

Being a positive agent for change

Committed participant in society, BNP Paribas instigates and takes part in numerous initiatives to combat social exclusion and promote education and the arts. In the context of its civic responsibility, the Group uses all the available tools, as a banker, employer and philanthropist, to foster a sustainable and harmonious development of society. These actions are in line with its three commitments:

- Products and services that are widely accessible
- Combat social exclusion and support human rights
- Corporate philanthropy policy focused on the arts, solidarity and the environment

The highlights of 2024 include:

Sponsoring China Development Research Foundation

Since 2016, BNP Paribas supported China Development Research Foundation (CDRF), as one of sponsoring corporates, for RMB 1.4 million annual sponsorship. Funding is used to support China policy research, publications, leadership training, development forums, and academic exchanges. CDRF is a public foundation initiated by the Development Research Center of the State Council

(DRC). Its mission is to advance good governance and public policy to promote economic development and social progress.

BNP Paribas Continued its Commitment to Support Sichuan Underprivileged Children by “Dream Up” Creative Development Project and Sichuan Scholarship

“Dream Up” is the flagship programme conducted by BNP Paribas Foundation at the group level. Under the Dream Up umbrella, the three-year Creative Development Project was launched by BNP Paribas (China) Ltd. in September 2015 to support children in Qingshen, Sichuan with a total grant of 60,000 euros. By providing music, dancing and art workshops, the Creative Development project has been helping to build up the confidence along the growing path of the underprivileged children. The project engages professional teachers to provide two hours workshops on music, dancing and art each week for students of Ruifeng, Hebazi and Luobo elementary schools in Qingshen county, Sichuan.

Dream Up project had been renewed from September 2018 for another 3 years. BNP Paribas Foundation sponsored Euro 20,000 annually for regular art, music and dance workshops at 3 beneficiary schools. Leveraging BNPP China CSR budget, we expanded the project from 3 to 6 beneficiary schools, increased workshops from add instrumental music class Teachers’ workshop for experience sharing.

From 2021, BNP Paribas extend its 3rd stage of the Dream Up project with 7 beneficiary schools. In order to allow more rural school students to benefit from the edification of arts education, 5 schools were replaced among the original 6 schools. In addition to dance, art, instrumental music, and music, Qingshen's unique traditional skill bamboo weaving courses were added to the curriculum. The project sponsored 16 professional art teachers from the county to teach at 7 rural primary and secondary schools in order to ensure the quality and quantity of the teaching plan and achieve the goals according to the project plan.

In 2024, BNP Paribas China continued to roll out the 4th edition of the "Dream Up" project to provide long-term support for the development of art education for China rural youth.

In more than 9 years, totally 7812 workshops with more than 350k minutes had been brought to more than 4000 students in 10 beneficiary schools in Qingshen, Sichuan.

Moreover, BNP Paribas China has been distributing scholarship to 102 left behind students in Qingshen Sichuan, the same region under Dream up project, to subsidize the living expenses of those children in need (RMB 1,500 per student per year). Since the Sichuan Scholarship first launch in 2014, the accumulative contributions have been totalled RMB 1.45 million.

1MillionHours2Help Global Volunteering Campaign

BNP Paribas launched 1MillionHours2Help employee volunteering program and made a commitment to volunteer one million hours of our employees’ collective working hours to support communities where we operate. The campaign is an important facet of the Group’s commitment to building a more sustainable and equitable world. The Group has identified 4 priority themes:

- Promote the social inclusion of youth
- Accelerate the energy transition
- Support social entrepreneurs' initiatives
- Improve local communities in the territories where we operate

In 2024, 652 volunteers at BNP Paribas China contributed 2824 volunteering hours in total, to various events including the following:

Protect the Environment and Preserve Earth Our Home

- 5KM Race for Low Carbon Life
- Animal Protection Lecture & Enrichment DIY Workshop
- Zoo Walk: Biodiversity ABC
- Earth One Hour Movie Event: Walk & Film Watching
- World Cleanup Day 2024: Make Room For Life

Youth Support-Promote the Social Inclusion for Youth

- A Visit to Shandong with Chi Heng Foundation
- BNP Paribas APAC Fundraising Campaign 2024: Charity Concert
- Summer Camp with Chi Heng Foundation
- Art Exhibition with Chi Heng Foundation
- Charity Padel Carnival
- World Autism Awareness Day: Poetry & Art Exhibition
- Sports Day with Autistic Children
- Career Exploration Fair with Junior Achievement
- Translation service for charity sponsors worldwide of 'Couleurs de Chine'

Improve Local Communities in Where We Operate

- Quality checks for donated goods/clothes
- 'Heart to Heart' Knitting Workshop
- Family Day: Doing Good is the New Lifestyle
- Diversity & Inclusion: Annual Dinner of Guangzhou Branch

Support Social Entrepreneurs' Initiatives with Positive Impact

- Fundraising in the form of bake sale to support 'Village 127', a social enterprise initiative of Chi Heng Foundation
- Makerthon: Youth Empowerment Programme
- Social Innovation Hackathon
- Global Innovation Challenge: Social Shifters

APAC Fundraising Campaign in China

In 2024, BNP Paribas continued APAC Fundraising Campaign to help more children in rural areas with equal access to quality education. Through both online and offline fundraising events including charity bazaar, , online bake sale, charity concert, raffle ticket, online quiz, students' summer camp etc. During the whole fundraising campaign in APAC, BNP Paribas also matched the donation of staff contribution.

“Help2Help” Projects

The “Help2Help” projects were introduced to BNP Paribas staff in China since year 2013. It is sponsored directly by the BNP Paribas Foundation in Paris aiming to encourage the staff engagement in volunteering activities.

In the year of 2024, 1 “Help2Help” project supported by China employees were each granted sponsorship from Euro 4,000 including:

- Shanghai Qingcongquan Training center for Children with Special Needs: Qingcongquan Autistic Children Vocational Skills Training Program

Nutrition & Health Status Improvement in Western China

BNP Paribas China sponsored Shanghai Guofeng Foundation in 2024 with RMB 80,000 for Nutrition & Health status improvement project to alleviate poverty in the underprivileged population of the Tibetan Plateau by improving nutrition, food habits and primary healthcare conditions at the village level, with a special focus for the children.

Sponsorship to Shanghai Qingcongquan Training Center to support autistic children

BNP Paribas China has sponsored Shanghai Qingcongquan (QCQ) Training Center since 2015 to support autistic children’s training course, sports day, new school opening, annual charity event on autism awareness day. The accumulative contributions have been totalled more than RMB 780k. We also organized many staff engaged volunteering events with QCQ.

Environmental Responsibility

Accelerating the Ecological and Energy Transition

BNP Paribas has made the ecological and energy transition its top environmental priority as a global player that finances the energy sector. Our commitment aligns with the Paris agreement, which aims to make financial flows compatible with low-carbon development. The Group deploys its environmental responsibility in 3 complementary areas:

- Enabling our clients to transition to a low-carbon, respectful of the environment economy
- Reduce the environmental impact of our operations
- Advance awareness and sharing of best environmental practices

As a financial player, it is by supporting the clients in their energy and environmental transition that BNP Paribas can have the greatest impact in terms of protecting the environment, tackling climate change and aligning with the objective of a net zero world in 2050. The Group contributes towards building collective knowledge and awareness, involving its stakeholders in this process. It is in fact convinced that the energy and environmental transition can only succeed if stakeholders work together to bring about the necessary transformation of society as a whole.

BNP Paribas enters a new phase of energy transition, with acceleration in financing low-carbon energies and exiting fossil fuels

BNP Paribas has been working on its climate strategy for more than a decade. BNP Paribas continues to consolidate its leading position in global sustainable finance by significantly allocating credit resources to low-carbon energy, expanding ESG financing, and deploying professional teams to support corporate transition, while accelerating its exit from high-carbon assets and fulfilling its carbon neutrality commitment.

Over 10 years, we’ve gone from 90% of financing dedicated to fossil fuels and 10% of financing for low-carbon energy, to currently having close to 75% financing for low-carbon energy production and 25% for fossil fuels.

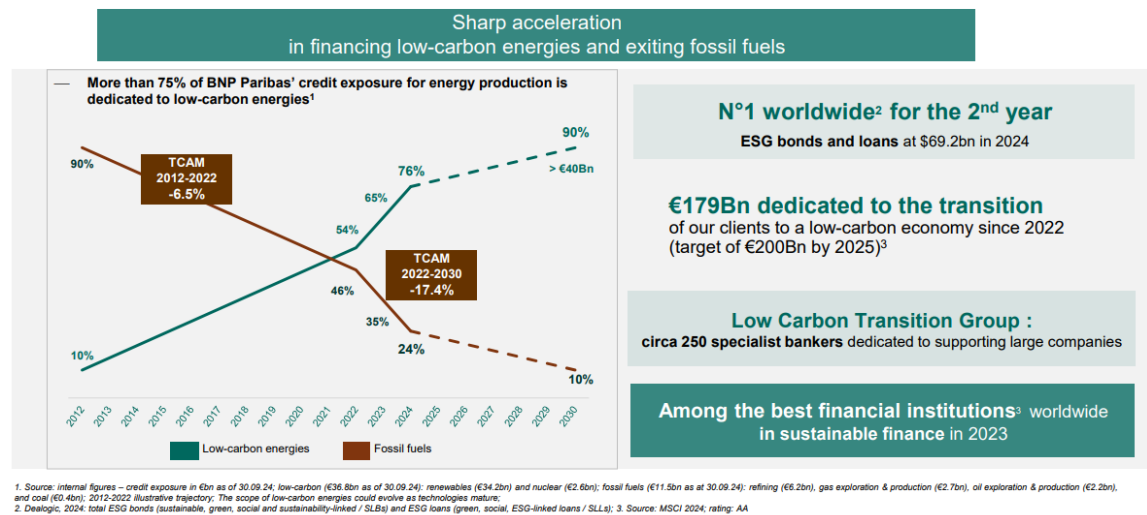
At the end of September 2024, outstanding of low-carbon energy loans granted by the Group is 36.8billion euros, 34.2 billion euros of which is dedicated to renewable energies. A majority of financing for low-carbon energy. More than 75% of BNP Paribas’ credit exposure for energy production is dedicated to low-carbon energies. BNP Paribas targets to reach at least 40 billion euros in credit exposure for low-carbon energies by 2030.

In 2024, BNP Paribas' ESG bonds and loans reached US\$69.2 billion, ranking first in the world for two consecutive years (data source: Dealogic).

Since 2022, BNP Paribas has invested a total of 179 billion euros to support its clients in their transition to a low-carbon economy, with the goal of reaching 200 billion euros by 2025.

The bank has a dedicated Low Carbon Transition Group: around 250 bankers focused on providing decarbonization solutions to large companies.

In addition, BNP Paribas was named one of the world's best sustainable financial institutions in 2023 (according to MSCI 2024 rating).

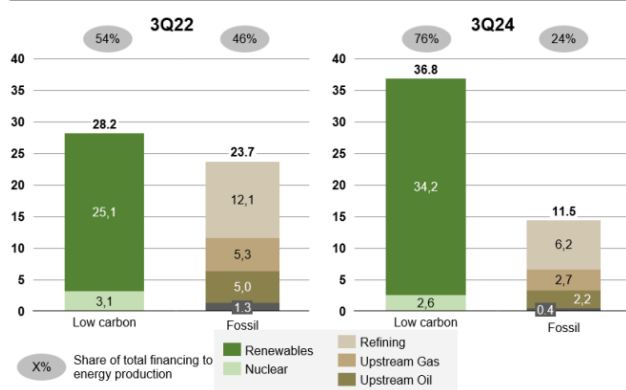


By quantifying the reduction of fossil energy exposure and significantly increasing the scale of low-carbon investment, BNP Paribas has fulfilled its commitment to energy transformation which is verified with actual data, while strengthening policy implementation with a clear timetable, consolidating its position as a benchmark in sustainable finance.

Weight of fossil fuels and low-carbon energies in BNP Paribas energy production financing¹

Exposure to low carbon and fossil energies

(in €bn, 3Q22 and 3Q24, Credit facilities + Contingent liabilities + Securities on balance sheet)



Target to reach at least 40 billion euros
in credit exposure for **low-carbon energies by 2030**

The end of financing purely dedicated to the development of new oil & gas fields regardless of the financing methods

Thermal Coal extraction / mining exit already well underway, completed by 2030 in EU and OECD countries and by 2040 in the rest of the world

BNP Paribas is no longer a major player in fossil financing

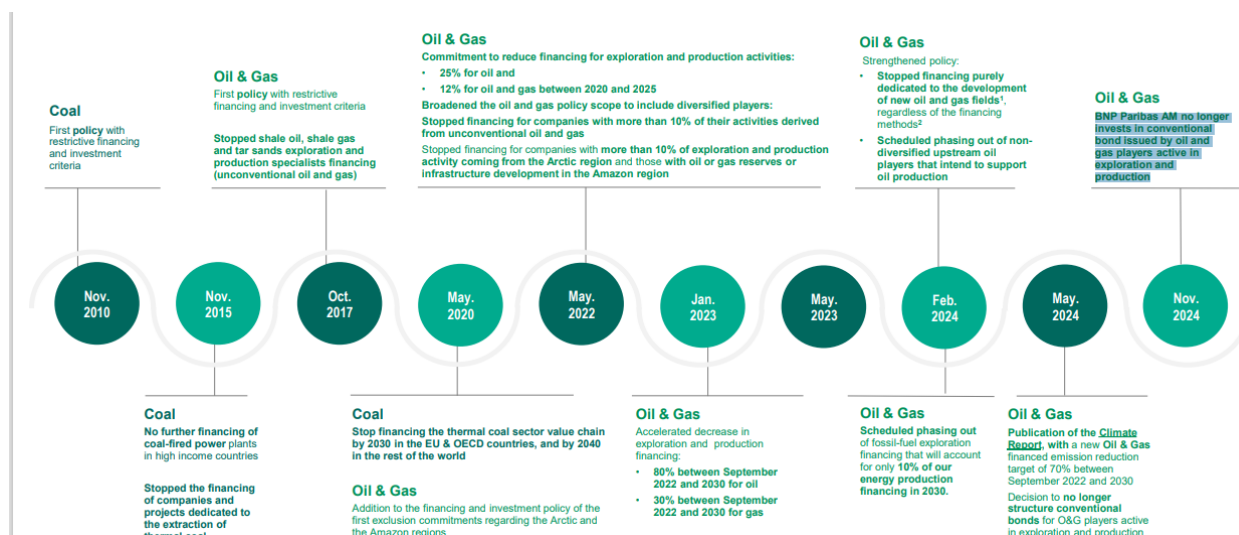
BNP Paribas strengthens oil and gas sector financing policy by 2024 to reduce fossil fuels in its portfolio

In February 2024, BNP Paribas strengthened oil & gas sector financing policy:

- Stopped financing purely dedicated to the development of new oil and gas fields, regardless of the financing methods.
- Scheduled phasing out of non-diversified upstream oil players that intend to support oil production.
- Scheduled phasing out of fossil-fuel exploration financing that will account for only 10% of our energy production financing in 2030.

In May 2024, Publication of the Climate Report, with a new Oil & Gas financed emission reduction target of 70% between September 2022 and 2030. Decision to no longer structure conventional bonds for O&G players active in exploration and production

In November 2024, BNP Paribas AM no longer invests in conventional bond issued by oil and gas players active in exploration and production.



BNPP China also actively develops sustainable finance business accordance the guidance of Group strategy and the relevant regulatory policies, focusing on energy transition and designated sustainable industries and fields.

BNP Paribas China also actively develops in accordance with the group's strategy to promote and accelerate the implementation of energy transition in China. **Deployments at scale of our climate strategy**

Aligning our portfolios with our carbon neutrality commitment

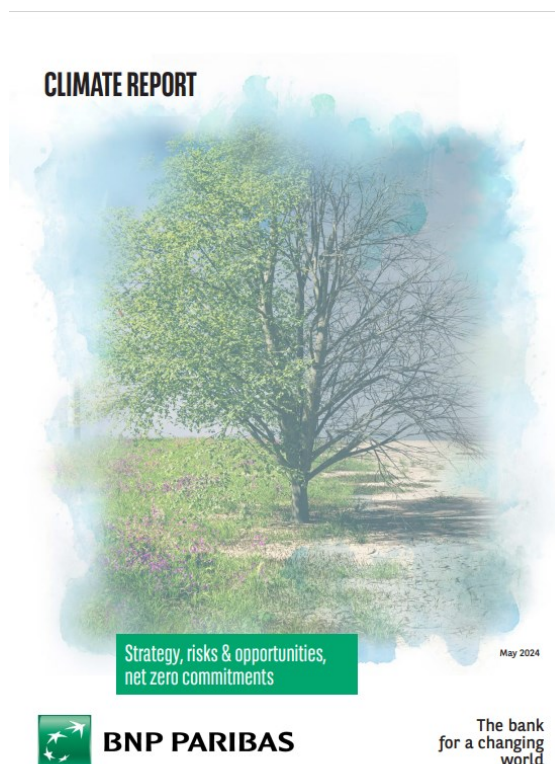
- Trajectory for a reduction in CO2 emissions corresponding to financing of the sectors with the highest levels of emissions (NZBA)
- Aligning the objectives of Group's business lines with shared objectives by sectors taking into account client transition

Engaging with clients to accompany them in the transition towards a sustainable & low-carbon economy

- Mobilisation of the integrated model and all business lines in support of clients
- Low Carbon Transition Group, an organisation of close to 250 specialised bankers dedicated to supporting clients in accelerating their transition.
- Low Carbon Low-Carbon Transition for SMEs & Mid-Caps initiative
- Pooling and promoting the Group's technical expertise via NEST, the in-house network of experts.

BNP Paribas published its Climate Report in 2024

In 2024, BNP Paribas published Climate Report, showing the strong commitments contribute to the emergence of a carbon neutral economy by 2050, aligned with the International Energy Agency's "Net-zero 2050" scenario, in the sectors with the highest emissions.



BNPP China develops sustainable finance business accordance the guidance of Group strategy and the relevant regulatory policies, focusing on energy transition and designated sustainable industries and fields.

BNP Paribas China released its second environmental information disclosure report and participated in the pilot program of [Carbon Emissions Accounting and Information Disclosure of Financial Institutions in Pudong New Area]

In the first quarter of 2023, BNP Paribas China decided to join the environmental information disclosure pilot project for banking and financial institutions organized by the People's Bank of China. In the third quarter of 2023, BNP Paribas (China) Co., Ltd. submitted the 2022 BNP Paribas China Environmental Information Disclosure Report to the People's Bank of China. In the third quarter of 2024, BNPP China continued to submit the 2023 BNP Paribas China Environmental Disclosure Report to the regulator. In addition, our bank also became one of the first five pilot financial institutions of [Carbon Emissions Accounting and Information Disclosure of Financial Institutions in Pudong New Area] and made relevant disclosures. At the Shanghai Pudong Green Finance Development and Pudong New Area Innovation Promotion Conference, we were awarded the "Carbon Emissions Accounting and Information Disclosure Pilot Unit" plaque.

BNP Paribas Carbon Neutral on its operational scope since 2017

BNP Paribas has been carbon neutral on its operational scope (direct greenhouse gas emissions and indirect emissions linked to the purchase of energy and to business travels) since 2017, through careful monitoring and reductions of CO₂ emissions, the use of renewable energy and offsetting residual emissions. However, the work toward reducing the Group's carbon footprint did not stop there. BNP Paribas reduces its direct impact on the environment in areas such as energy, business travel and using responsible resources by setting specific and regularly implemented targets.

BNPP China continued its efforts to reduce the environmental footprint linked to its own operations. such as replacing LED light sources, eliminating disposable plastic cups, promoting video conferencing technology and platforms, non-office hour light switch-off, improving printer settings and sourcing sustainable paper to reduce paper consumption. At the same time, we manage and monitor operational carbon footprint data such as business travel, paper consumption, electricity consumption and water consumption.

Control the direct impact of business activities on the environment

The direct natural resource consumption of BNP Paribas China's operating activities involves gasoline consumed by its own transportation and water used in business offices. In 2024, the self-owned vehicles of BNP Paribas China's head office and branches used 13547.1 liters of gasoline, and the total water consumption was 941.2 tons. Per capita oil consumption, the amount of water consumption decreased by 4.92% year-on-year compared with 2023, the water consumption level increased slightly from last year, and the per capita water consumption increased by 1.03% year-on-year. Our bank will continue to strengthen the management of office operation resource consumption. Indirect resource consumption by BNP Paribas' China operations includes electricity, paper and fossil energy consumed by employee travel vehicles. In 2024, our bank's total electricity consumption is 1.183 million kilowatt hours, and per capita electricity consumption is 2,310 kilowatt hours, a year-on-year decrease of 25.51%; our bank's paper consumption in 2024 is 16.48 tons.

Green Company for Employee

The Green Company for Employees Programme encourages and supports the reduction of all of BNP Paribas' direct impacts on the environment, by according a central role to the participation of all employees. One of the key focuses is to fight against single-use plastic. In 2024, BNPP China has almost achieved:

- Eliminate disposable plastic cups at water fountains
- Eliminate plastic bottles, disposable plastic cups, plastic packaging in vending machines
- Eliminate plastic bottles at staff canteens and cafeterias
- Eliminate disposable plastic containers/accessories in canteens and cafeterias
- Eliminate plastic bottles in client foodservice areas
- Eliminate food/drink plastic containers and accessories, provided by external caterers
- Remove all single-use plastic references from our office supplies catalogue
- Increase the part of eco-designed and eco-labelled products in our office supplies catalogue
- Stop providing promotional items for internal use
- Eliminate promotional items that are single-use or have a limited lifetime

In 2024, BNPP China organized a series of educational events and sustainable cultural exchange activities to encourage employees to reduce their carbon footprint in work and life, advocate a sustainable lifestyle, and reduce our direct impact on the environment.

- 5KM Race for Low Carbon Life, action together to promote eco-friendly lifestyle and demonstrate our commitment to have a positive impact on the planet. By taking on a low carbon race, to collect and recycle plastic bottles and complete environmental protection themed games, participants could earn low carbon points and convert them into donations, making contribution to the plastic usage reduction project in Nantong.
- In 2024, BNP Paribas China launched a series of animal protection initiatives, providing animals with enrichment items and nutritious feed, aiming to raise public awareness of animal protection and welfare, and advocate for all sectors of the society to participate in animal protection actions. BNP Paribas China held an exhibition of cultural and creative products for animal protection in its office during the Inclusion Days. Some of the cultural and creative products on display were designed and produced by people with disabilities. Cultural and creative products were sold on site, and the proceeds were used to purchase animal feed and donated to the Shanghai Zoo. The volunteers not only learned about animal protection and enrichment concepts through the lecture "Wildlife Conservation in Modern Cities" but also put them into practice and made enrichment toys and tools, contributing to improving the quality of life of animals.
- BNP Paribas China joined The Biggest Hour for Earth Hour through Earth Walk and Earth Film Festival
- BNP Paribas China teams participated in the World Cleanup Day 2024 volunteering event, to clean up Shanghai Chongming Tuanjie beach for a "World Cleanup Day" action in Shanghai.

With the theme "Doing Good is the New Lifestyle", BNP Paribas China organized Sustainable Family Day 2024, invited employees and their families to participate in a variety of handicraft and cultural ecological experience activities in the office, aiming at exploring innovative paths for sustainable urban development, enhancing ecological awareness, and sowing green seeds for a better life in the future. The office was transformed into a colorful workshop for handicraft and cultural ecological experience activities, experiencing various activities that link the land and the city, and linking each other's warmth. On the day of Family Day, there was also a public welfare life market, inviting employees and their families to set an annual "good deeds goal" for you and your family in the new year, and integrate good actions into life.

In December 2024, BNP Paribas and its office location Shanghai Tower signed the "Vertical Community" green development partnership initiative to support Shanghai's waste-free city construction and sustainable development and promote the combination of green and low-carbon life with a better life.

Sustainable Development Goals Education Series

As the bank for a changing world, BNP Paribas has become one of the first companies to include a clear reference to the Sustainable Development Goals (SDGs) in our CSR strategy since 2015. BNP Paribas believes that the energy and ecological transition can only succeed if all stakeholders (businesses, public authorities, associations, citizens/consumers) work together to bring about change. Employees, the Group's best sustainable development ambassadors. Given the importance of achieving SDGs to our success in creating a more sustainable future, BNP Paribas launched SDG education series to connect employees across Asia Pacific with practical knowledge about how these ambitions relate to our lives and works, and how we can help in achieving them.

BNP Paribas China also organized many ESG education staff workshops and events across China offices. In 2024, China staff completed more than 440 online and offline trainings related to ESG sustainable development. Highlights include:

- **ESG business essentials** is a training and communications program created to ensure staff are confident and equipped to engage with clients on one of their most strategic and critical topics- ESG.
- **We Engage:** Miniseries consisting of bite-sized episodes dedicated to sustainable finance and current environment and social issues to encourage everyone to participate.
- **BNP Paribas' Sustainability Videos:** This video series arms you with all you need to know about the stakes, the challenges, and the solutions of sustainable finance at CIB.
- **Climate Fresk:** 3-hour workshop created under a global movement dedicated to raising participants' awareness on the complexity of climate change. It is an engaging, collaborative tool for better understanding climate change.
- **Lunch and Learn:** focus on sustainable finance and climate strategy
- **Sector policies & commitments:** to introduce BNP Paribas' sector policies and why we implement these policies.

BNP Paribas also provide informative material of Sustainable Finance on Echonet for everyone

- **ESG Assessment Framework:** provides an overview of the Bank's ESG Assessment Framework for corporate clients and projects
- **The Sustainable Finance Toolbox:** The tool to help staff to engage with clients on sustainable finance, consists of the list of positive banking products and solutions developed by BNPP teams across the different Metiers of the Group
- **FIC Sustainable Finance Academy:** It provides training to drive wide-angle upskilling, and further develop sectorial and thematic expertise for FIC bankers to enhance their strategic dialogue with their clients and help to continue to drive business opportunities for the group ahead of COP26.

Raising client awareness through high-level presentations

BNP Paribas frequently organises targeted meetings with its clients on the energy and ecological transition. The Sustainable Future Forum (SFF) returned to Shanghai in its second China edition in 2024.

In partnership with China Europe International Business School (CEIBS), the one-day forum brought together a dynamic mix of policy interpretation, academic views and real-life cases, providing a comprehensive window into China's ambitious sustainability journey as the country strides towards its 'dual-carbon' goal. Our 250 engaged attendees gleaned perspectives on best practices across industries – from cosmetics, chemical to energy, auto. The event also took a deep dive into regulatory megatrends shaping the future of responsible investment.