ICBC (London) plc

Report and Financial Statements

31 December 2024

Company Registration No : 4552753

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Chairman's Statement

From a financial perspective 2024 was a very good year for the Bank. We benefited from the slower than expected pace in interest rate reductions and navigated the potential impact from the growing geo-political uncertainties well. I would like to thank the rest of the Board and the Senior Management for the successful way in which they steered the Bank throughout this year, ensuring that the Bank remained well capitalised, maintained robust liquidity and funding levels and remained profitable.

From an executive management perspective, 2024 was a period of stabilisation after a number of changes in the executive management team during 2023. There was only one change during the year with the appointment of Mr Xiaoliang Zhang as our new Chief Operating Officer, replacing Ms Ying Shi who has taken up a new role within the ICBC Group. I wish Mr Zhang well and would like to thank Ms Shi for her positive contributions over the many years at ICBC London.

Profit after tax increased by 52% for the year when compared to 2023, largely due to the fact that a significant portion of our interest bearing assets are part funded by equity reserves. As interest rates start coming down, we expect that profit margins will decrease but that the Bank will remain profitable.

Asset levels were stable and our asset quality remained strong, with the challenging economic environment having no material impact on the quality of our loan book. The Bank had no stage 3 loans as at the end of the year. Our Capital Adequacy Ratio increased compared to the end of 2023 and remains very high, exceeding 70% at the end of 2024. The Bank also remains very liquid with all ratios significantly above the required regulatory minima.

Looking ahead, the economic outlook remains sub-optimal. UK inflation is still above the Bank of England target and economic growth projections are relatively flat. The global geo-political environment remains difficult and we closely monitor and manage any possible impact of this on our business. More detail on the Bank's approach to managing these risks is provided in the Strategic Report.

As part of a much larger banking group, we will ensure that our strategic initiatives are in line with that of the group and that we make the most of the synergies and benefits that come with being part ICBC. This is especially true from the perspective of the close relationship with London Branch. As always, we will focus on strong risk management, enhancing internal capabilities to support our profitability and play our part in developing the strategies of the larger group.

During the year, the Board welcomed Mr Giles Adams as a new Independent Non-Executive Director and Chair of the Audit Committee of the Board, replacing Mr David Newton who stepped down from the Board after 9 years with the Bank. On behalf of the entire bank, I wish to welcome Mr Adams and look forward to working with him in the coming years.

In conclusion, I would like to thank all the staff for their contribution in making 2024 such a successful year for the Bank. I especially want to again relay my thanks to Ms Hu for managing the Bank in such a positive manner and to thank my fellow directors for the support and guidance they have provided during the year.

Weiwu Zhang

Chair of the Board

Strategic Report

Introduction

The Bank had another exceptional year from a financial perspective. Profit, asset quality, capital levels, available funding, liquidity levels, staff engagement and risk management have all remained robust and in most cases improved compared to the previous financial year.

Profit after tax increased by 52% compared to the previous year, mostly due to the large portion of the loan book directly funded by equity.

The total asset level increased by 12.37% and remained within our target range. It is our intention to keep the balance sheet size around the same level in the coming year.

The Bank follows a cautious and conservative approach to the balance sheet. In line with this principle, we ensured that we maintained a stable, diversified funding base. The Bank still benefited from a parental guarantee on its Club Deal, but on maturity of this funding it is our intention to replace the Club Deal funding with longer term funding from the ICBC London Branch. Although this is mainly driven by Chinese regulations on inter-company guarantees, we are confident that this move will also result in lower funding cost overall.

The Bank maintained its hybrid working model (on a 4-1 office/remote basis). The recruitment market continues to be competitive but we have been able to make a number of key appointments during the year.

In the rest of this report we will set out the highlights of our performance against the objectives we set at the start of the year and explain the strategies we will employ in the coming financial year.

Achieving our objectives in a challenging macro-economic environment

Global economic growth was surprisingly resilient in 2024. The OECD projects that the global economy will grow by 3.3% in 2025, up from 3.2% in 2024.

This year, major central banks are expected to slow down their planned interest rate cuts due to slower than expected progress on inflation reduction. Inflation remains above the central banks' targets in most larger economies, which may result in higher interest rates persisting for longer than expected a year ago.

We are closely monitoring policy changes in the U.S. following Donald Trump's election as president. Amongst these are major proposed changes to international trade and tariffs, immigration policy, fiscal reform and financial regulation. These changes are likely to have a ripple effect across the global economy, in particular the potential of a renewed US-China trade war.

The UK economy has somewhat lost momentum since the general election. The OECD raised the UK economy growth forecast to 1.7% for 2025, up from a previous estimate of 1.2%, and expected inflation to average 2.7%. However, the Autumn budget, which included higher payroll taxes and increased government spending, has shaken market confidence and triggered a UK gilts sell-off at the start of the year. With limited fiscal flexibility, the UK government has a wafer-thin degree of headroom to manoeuvre if fiscal revenues fall short of projections, and any doubts about the feasibility of delivering the budget plans could lead to higher borrowing cost. There are significant risks to growth in both directions: the front-loaded fiscal stimulus may boost growth in the short term, but higher taxes could erode business profits and confidence, posing downside risks. Additionally, the UK economy faces uncertainty from potential shifts in U.S. trade policies.

Whilst we do not think that any of the major known challenges would have an individual direct impact on the performance of the Bank (through specific rules, regulations or sanctions that would directly be applied to the Bank and materially hinder our ability to perform), the second-order impact on the local and global economy could be material. These include, amongst others, increased currency volatility, possible tightening of liquidity, more expensive funding, lower levels of GDP growth, deterioration in asset quality and a general decline in foreign investment. The Bank regularly performs market and liquidity related stress tests to ensure to ensure that we are adequately protected against downside risk.

Financial performance, objectives and strategy

The Bank's strategy is informed by a number of internal and external factors, which include amongst others the local economic and regulatory environment, capital and funding sources and our risk appetite. An important factor is the role that the Bank plays within the larger ICBC group, especially in context of our close relationship with ICBC London Branch. The group ensures that ICBC's operations in the UK and across Europe are managed in a sensible, structured manner that makes best use of the different banking licences that the group holds and supports a coordinated and rational strategy. When setting the objectives and strategy for the Bank, it is therefore imperative to be cognisant of this larger interaction.

From a strategic perspective (growth sectors, risk appetite, product development, target customers etc), the Bank and the London Branch are aligned, but the two entities have different challenges when it comes to capital, liquidity, tax and large exposure constraints. These differences form the basis for determining which assets are most suitable to be booked on the Bank's Balance Sheet and hence drive our targeted growth.

Our target customer base remains focused on large national and multi-national enterprises. There are practical and strategic benefits in not duplicating customers across the two legal entities and therefore the Bank targets those loans that are more transactional in nature and less dependent on ancillary products. Large relationship banking opportunities which involve several different loans and ancillary products provided over time cannot easily be accommodated in the Bank as the different exposures to the same client (or client group) are aggregated and are therefore more suitable to the Branch, given large exposure constraints.

Total assets increased to $1.70bn (2023: $1.51bn).

The Bank's assets portfolio and funding sources remain well-diversified and backed by a very strong capital and liquidity position. The Bank remains the primary vehicle for ICBC's operational activities, decision making and corporate governance framework setting in the UK.

Specific changes to prior year

There were no major changes to regulations or accounting standards that impacted the Bank.

Key performance summary

The Bank employs several key financial performance indicators to assess financial performance and consider these together in order to obtain a holistic view of our performance. We use these indicators not only to assist in providing useful financial insight, but also in telling a wider story about how the Bank is managed and the risks and challenges it faces. Amongst the most important indicators are Return on Equity (RoE), Return on Assets (RoA), Net Interest Margin (NIM), Non-performing loans to Assets (NPA) and Cost to Income ratio (CTI).

Total assets increased by 12.37% (2023: decrease 1.52%) compared to 2023.This remains in line with our target asset range.

Profit after tax increased by 51.77% (2023: increase by 129.9%) to $39.7m (2023: $26.13m) mainly on the back of the high portion of loan assets funded by equity.

Return on Equity (ROE) is calculated by dividing our net profit after tax by total average shareholder funds. The Bank uses this as an indication of how efficiently we use these funds. For 2024 this ratio increased to 7.6% (2023: 5.39%) due to an increase in profit after tax.

The Return on Assets (RoA) provides the Bank with a measure of the ability to generate income from our assets. It is calculated by dividing profit after tax by total average assets. The RoA for 2024 also increased to 2.39% (2023:1.76%) compared to the previous year.

Net Interest Margin (NIM) shows the difference between the interest income generated by the Bank and the amount of interest paid out to our lenders, relative to the amount of our average interest-earning assets. NIM was 3.43% which was a improvement compared to last year (2023: 2.64%). This improvement was partly due to the fact that the Bank benefits from significant equity funding which has increased year-on-year.

There were no non-performing assets at the end of this year (2023: $nil).

The Cost to Income ratio (CTI) provides a measurement of the cost of running the Bank in relation to our operating income and is an important indicator of the productivity of the Bank. This ratio is calculated expressing the Bank's operating cost as a percentage of its operating income and was 17.1% in 2024 (2023: 25.77%). The improvement was mostly driven both by higher income levels.

Strategic Report

Principal risks and our approach to risk management

The Bank is exposed to a number of different risks, either directly attributable to the business we undertake or due to general market-wide industry factors and macro-economic conditions. The Board oversees, reviews and approves a clearly-defined risk appetite in order to ensure that the Bank takes on levels and types of risk within its risk capacity and commensurate to that required to support our business strategy. Whilst we cannot completely eliminate all risk, any risks beyond those deemed acceptable within our risk appetite are actively mitigated where possible through a number of risk management techniques and actions. These are defined, monitored and reviewed in accordance with our Enterprise Risk Management Framework and managed through well-established "three lines of defence" and "four eyes" models.

Every person at the Bank has a responsibility for risk management. At a departmental level policy and procedure manuals are written in accordance with the Bank’s approach to the management of our principal risks. Employees are required to operate within the guidelines set out in Bank-wide policies and their own departmental procedures. Effective risk management forms an important part of our annual performance assessment for all Bank employees.

The Risk and Asset & Liability Management, Credit Risk, and Compliance and Legal departments periodically carry out reviews to assess the compliance with and effectiveness of risk mitigation, while the Internal Audit department, as the third line of defence, undertakes independent, risk-based reviews of the risks in the various business areas and the related controls in place to mitigate them. The scope of Internal Audit work is agreed by the Audit Committee, chaired by an Independent Non-executive director, which also oversees the results of the reviews undertaken. The Head of the Internal Audit department has a primary reporting line to the Chairman of the Audit Committee. From a Senior Management perspective, risk is further managed through the Executive Committee, the Asset and Liability Committee, the Financial Crime Risk Committee, the IT Steering Committee (this committee will be replaced by the IT Steering and Data Governance Committee from 2025), the Finance Committee and the Credit Committee.

The Board has three sub-committees: the Audit Committee mentioned above, the Risk and Compliance Committee and the Remuneration Committee. The Risk and Compliance Committee, chaired by an Independent Non-executive director, monitors and reviews the management of risk across the Bank and reports its findings back to the Board whilst the Remuneration Committee reviews and approves the Bank’s remuneration policy, performance-related pay arrangements and other high-level staff-related matters. The Remuneration Committee consists of two Independent Non-executive directors and one other Non-executive director.

The Bank categorises its principal risks into a number of different risk types, including credit risk, liquidity and funding risk, market risk, operational risk, regulatory risk, climate risk and geopolitical risk.

In particular, the risks faced by the Bank include the following:

- Credit risk arises from exposures to a range of counterparties, industries and countries. These are managed through a number of different concentration and credit limits, strict lending criteria, pre-approval by the Credit Committee and the CEO and ongoing asset quality monitoring by the various Front Office teams (as first line of defence) and by the Credit Risk department (as second line) to ensure that our existing governance and risk controls are effective, asset quality is satisfactory and capital adequacy is sufficient to absorb potential credit losses.

- There is concentration risk across several dimensions including the Chinese and UK economies – reflecting the Bank’s business mandate – and sector concentration in banks (69.62% of total credit exposures), a large component being exposures to investment grade financial institutions. Other than financial institutions, the Bank's largest sector exposure is to commercial real estate which accounted for 12.01% of all exposures, a significant proportion of which is secured. Credit risk indicators were well within our internal risk appetite. There were no non-performing loans at the end of 2024.

- Liquidity and funding risk remains a key focus of the Bank. The Bank's funding sources are well-diversified and we have established long-term funding measures and can collaborate with ICBC London Branch to strengthen our funding capacity. Appropriate risk measurement, monitoring and reporting systems and internal limits are in place, liquidity stress testing is undertaken against a range of scenarios, and we have a well-developed Recovery Plan including liquidity contingency arrangements. At the end of the year the Bank had a Liquidity Coverage Ratio (LCR) of 175% (2023: 282%) and Net Stable Funding Ratio (NSFR) of 149% (2023:167%), both of which were significantly above regulatory requirements.

Strategic Report

• Market risk includes interest rate risk in the banking book (IRRBB), foreign exchange rate risk, and position risk. The Bank has strict limits in place for foreign exchange risk exposure and interest rate risk in the banking book, which mainly arises due to duration/re-pricing mismatches between assets and liabilities, as well as off-balance sheet items. Where appropriate, hedging contracts are taken out to ensure these risks are managed within our risk appetite. The Bank continues to carefully consider the risk-adjusted return on assets, while managing our generally low market risk profile (interest rate and FX risk).

• The Bank incurred no operational risk losses in 2024. During the year, the Bank continued to make good progress in encouraging active and early disclosure of all risk incidents, regardless of whether actual financial loss was involved. Although the inherent risk from external and internal factors remains high, there is a strong governance and risk control framework in place. The Bank also has a Business Continuity Plan, Operational Resilience framework and other measures to safeguard our staff, customers and business and maintain operational resilience; thus the overall residual risk profile is considered to be low.

The Bank was subject to a cyber incident during the year. None of our core systems or live system data was impacted and the Bank continued its normal business services during this time. The Bank suffered no direct operational losses and have no contigent liabilities as a result of the incident.

The Bank worked closely with the relevant banking regulators and the Information Commissioner's Officer to ensure that we acted transparently and in line with our regulatory obligations. The Bank also reached out to all potentially affected clients and employees.

Although the Bank already had robust cyber security measures in place, we have taken additional steps to strengthen our cyber defences even further.

• Regulatory risk includes changes in the regulatory environment that might affect the business, the industry or the markets within which the Bank operates. Regulation in financial services is evolving all the time. The Bank's Compliance and Legal department effectively manages regulatory change projects as well as business-as-usual reviews, and acts as the second line of defence in the management of financial crime risk, including anti-money laundering, anti-bribery and corruption, anti-fraud and sanctions monitoring, as well as cyber and data governance risk, legal risk and conduct risk.

• The geopolitical risk that the Bank is exposed to has already been highlighted in this report. The Bank continues to monitor both domestic and international risks and their possible impact on our strategy and business plans. Geopolitical risk can have an impact on a variety of financial and non-financial factors therefore the Bank's geographical limits, credit risk insurance, interest rate risk limits and foreign currency limits all play a part in mitigating this risk.

• Climate risk is defined as the risk of financial loss, disruption or damage to the reputation of the Bank (and the Parent Bank) arising from climate change. The two categories of climate risk that may affect the Bank are (i) Physical risks: physical and operational risks that arise from climate change and may affect the Bank's ability to function, e.g. the impact of severe weather patterns on the Bank's operations or offshored services; and (ii) Transition risks: those risks from climate change that may affect the Bank's clients, their operations, assets and creditworthiness (and therefore the Bank's credit risk profile), e.g. the risk of 'stranded' assets in fossil fuel businesses. The Bank continues to develop its approach to the management and reporting of climate risk in line with guidance provided by its regulators and the Parent Bank.

Further information on these risks is included in Notes 28-32 and 34 to the Financial Statements.

Exiting our Retail business

During the year the Bank completed its exit from the UK retail business. The Bank had a very small legacy retail offering which did not form part of the core business of the Bank. Prior to our decision to formally exit this business, retail activities constituted just over 1% of our Balance Sheet. We worked closely with our customers and the financial regulators to ensure that we provide the best possible outcomes for our retail customers throughout this process.

From a business perspective, this exit allows us to concentrate our resources on development of our core wholesale banking business. All staff employed within this business line are being redeployed within the Bank and exiting this business resulted in no staff redundancies.

The Bank's approach to Climate Risk

Like other risks set out earlier in our report, the financial risk resulting from climate change, climate-related regulations and industry/sector/client adaptability to these changes poses a particular challenge to the Bank if left unmanaged. Since 2019 this has been an area of increasing focus for the Bank and we have made good progress (both through internal expertise and external advisors) in establishing a robust risk management framework, systems and controls to manage climate-related financial risks.

Although climate change covers many risk categories, the main risk area to the Bank arising from climate change is the impact on credit risk. The Bank's Climate Risk Appetite Statement as well as our Climate Risk Management Policy continues to evolve. As mentioned in previous reports, the Bank uses Climate Risk Scorecards to inform Credit Committee discussions and we will enhance these scorecards in the coming year as we work towards a more sophisticated approach to climate risk management. In addition, the Bank has a Climate Risk Heatmap classifying loans as Low Risk, Medium Risk, Medium-High or High Risk. The majority of the Bank's lending fell within the two lowest categories - we have no lending assessed as High Risk. A small number of exposures were classified as Medium-High, meaning that "climate factors are present but are being managed" by the customer.

The Senior Management of the Bank is actively involved in the oversight and development of our climate risk management capabilities. We have approved an ambitious two-year plan which will cover the fourth phase of our Climate Risk Management project. One area of particular focus will be to develop a more bespoke stress scenario on our loan book (as opposed to the generic industry stress methodology we applied in 2022). This year is also the second year that the Bank has reported its own emissions data, which can be found in the next section of this report.

We also included climate-related capital stress calculations in our ICAAP capital stress calculations and have been since year-end 2020 and are progressively improving our methodology, although the capital impact has remained very low.

The Bank continues its work on improving the way physical and transition risks are embedded into its risk management processes and business strategy, including but not limited to:

- Deepening understanding of the climate risks that clients will face, defining risk tolerances and building up our Climate Risk Register by translating scenarios into physical and transitional impacts
- Assessing the Bank's climate risk appetite and strategy, including stress testing and client engagement plans
- Assessing the impact that climate risks may have on operational resilience
- Developing carbon emissions modelling and reporting, transition planning, data, technology, etc.

The governance framework around climate risk is deemed adequate and will continue to be strengthened in the coming year through ongoing Board engagement, oversight and input into strategic plans.

Streamlined Energy and Carbon Reporting (SECR)

The Bank reports its energy use and carbon emissions in accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. During the year ended 31 December 2024, the Bank consumed approximately 1,734,323kWh (2023: 1,659,857 kWh) of energy, with total greenhouse gas emissions of 346 (2023: 333) tonnes of CO2 equivalent. The data reported represent emissions and energy use for which the Bank is responsible, including electricity and gas use in our office and fuel used in vehicles. The numbers below detail the Bank's total emissions by activity and scope in the year:

2024

Utility	Energy Consumption		GHG Emissions	
	kwh/year	%	tCO2e/year	%
Electricity (Scope 2)	1,188,021	68.5	246	71.1
Gas (Scope 1)	546,207	31.5	100	28.9
Transport (Scope 1)	0	0.0	0	0.0
Transport (Scope 3)	96	0.0	0	0.0
Total	**1,734,323**	**100**	**346**	**100**

2023

Utility	Energy Consumption		GHG Emissions	
	kwh/year	%	tCO2e/year	%
Electricity (Scope 2)	1,216,955	73.3	252	75.6
Gas (Scope 1)	440,096	26.5	81	24.2
Transport (Scope 1)	1,563	0.1	0	0.1
Transport (Scope 3)	1,243	0.1	0	0.1
Total	**1,659,857**	**100**	**333**	**100**

Scope 1 – All Direct Emissions from the activities of an organisation or under their control. Including fuel combustion on site such as gas boilers, fleet vehicles and air-conditioning leaks.

Scope 2 – Indirect Emissions from electricity purchased and used by the organisation. Emissions are created during the production of the energy and eventually used by the organisation.

Scope 3 – All Other Indirect Emissions from activities of the organisation but occur from sources that they do not own or control. For SECR, companies are required to disclose energy use and related emissions from business travel in rental cars or employee-owned vehicles where they are responsible for purchasing the fuel.

Intensity metric: the total number of people working at the Bank is 185 (2023: 179) (average across the year). We have chosen to measure our carbon efficiency in terms of tonnes of CO2e (carbon dioxide equivalent) per person, which comes to 1.87 (2023: 1.86) tCO2e/person. This decision was informed by our analysis of the various factors that could influence our carbon intensity metrics over time. We recognised that the number of employees within our organisation is subject to change due to business growth, restructuring, or other operational requirements. Hence, using a per capita metric allows us to account for fluctuations in our workforce, providing a more meaningful measure of our environmental performance. By adopting tonnes CO2e per person as our chosen intensity metric, we aim to provide a transparent and consistent basis for tracking our carbon efficiency.

Methodology: the methodology used to calculate kWh, Carbon emissions and Intensity metrics are consistent with the GHG Reporting Protocol - Corporate Standard. kWh consumption comes from supplier invoices for the office. This is converted into GHG emissions using conversion factors published by DEFRA. Any estimates have been derived from actual historic consumption data or based on spend. No global energy use or emission data has been used as all activity took place in the UK.

Energy efficiency actions/undertakings: In the 2024 reporting period, in a move to decrease our direct greenhouse gas emissions (Scope 1), we made the decision to cancel the company car lease during the previous year. This action has directly resulted in a reduction of our transport-related Scope 1 emissions by approximately 0.7 (2023: 1.8) tonnes of CO2e.

In addition, recognising the significant environmental and financial benefits of energy-efficient lighting, we have explored upgrades to LED lighting within our office premise. The assessment conducted during the year has laid the groundwork for a comprehensive LED bulb replacement program, planned for implementation in the next financial year. This initiative is expected to further reduce our energy consumption and Scope 2 emissions, contributing to our long-term sustainability objectives.

Non-financial performance indicators

The Bank does not evaluate success purely on the basis of financial and quantitative indicators. In addition to these, the Bank also closely monitors non-financial indicators and trends to measure our performance. These include the diversity of our employees, development opportunities available and taken up (available both in the Bank and throughout the wider ICBC group) and our corporate social responsibility.

Our remuneration policy is designed to ensure that we reward performance not purely based on financial results but also taking into account sound risk management practices and the employees' contribution to the organisation's non-financial objectives. Amongst the non-financial key indicators included in our competency framework and therefore directly impacting remuneration of employees are (i) compliance with regulatory requirements and internal policies and procedures, (ii) continuous professional development and (iii) the application of best practice in what we do. These indicators are used in the assessment of all employees, including the Senior Management of the Bank. We competitively benchmark to the market and promote career development and progression.

The Bank is a level 2 remuneration firm under the proportionality rules set out by the regulators. This means that the Bank cannot rely on the small firm exemption for deferral and clawback arrangements relating to variable pay. The Bank has therefore implemented a bonus deferral and clawback scheme, which first became applicable to bonus payments in 2023 (relating to the 2022 performance year).

The Bank remained committed to do our part for the local community that we operate in and again actively participated in several initiatives. We participated in the UK/China Charity Program run by the City of London and CCCUK in the UK. In addition, the Bank contributed to a number of cross-UK/China business initiatives, including supporting the partnership between CCCUK, the Lord Mayor's Appeal and the China-UK Economic Trade Forum.

At the end of the year we had 185 employees (2023: 180).

Future developments

The Bank's primary focus is to continue with its stable growth whilst carefully monitoring and managing any risks brought about by the current climate – especially the geo-political tensions and low economic growth.

As stated earlier in this report, the Bank plays a critical role in the broader ICBC presence in the UK and the larger EMEA region and will continue to do so alongside the London Branch. We will continue to provide first-class commercial and wholesale banking services to all our clients and be the core for operational activities of ICBC in London.

Last year we stated that we would be embarking on two major projects. The first was embedding Confirmation of Payee (CoP) technology in accordance with the UK regulatory standards. We are pleased to say that we have successfully completed this project and we are fully compliant with the required benchmarks. The second was

Basel 3.1 readiness. The Bank continues to work on this and have made great progress already. The deadline for UK implementation has been set for 1 January 2027 and we are confident that we will be ready well ahead of this deadline.

The PRA has confirmed their main priorities for international banks for the year ahead and it is our view that our own priorities are aligned to these. They include risk management, governance and controls, financial resilience, operational resilience and data quality and management. The Bank has taken a range of actions during the year that have strengthened our capability to withstand challenges in all of these areas and we will continue to do so in the year ahead.

Governance

The Governance structure of the Bank is set up in accordance with the principles of good corporate governance consistent with the status of our Parent Bank.

The Bank is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

The Board oversees the Bank by collectively directing the Bank's affairs in the interests of its shareholder and relevant stakeholders. They are responsible for establishing the vision and values of the Bank, setting strategy and ensuring that the relevant structures and appropriate delegation to management are in place.

The Board delegates certain responsibilities to its relevant sub-committees (Audit Committee, the Risk and Compliance Committee and the Remuneration Committee) as well as to the CEO who in turn delegates responsibilities to the Executive Committee and its individual members, the Credit Committee, the Asset and Liability Committee (ALCO), Finance Committee and the Financial Crime Risk Committee.

The Bank engages with two independent UK-based non-executive directors. The Audit Committee, Remuneration Committee and Risk and Compliance Committee are all chaired by independent non-executive directors. In addition, there are two China-based non-executive directors from our Parent Bank, one of whom is the Chair of the Board.

At an executive level, the Bank's management-level committees mentioned above ensure effective implementation of all major policies and operating processes and decisions; establish clear policies and decision-making procedures; and ensure appropriate risk management through the three lines of defence and four-eyes models. Independent, risk-based internal audit reviews are also undertaken on a regular basis and the Bank is externally audited by Deloitte. Deloitte was formally reappointed by the Board as the Bank’s external auditor for the 2024 year-end audit.

We ensure that we fully comply with the conduct risk framework and fully subscribe to the principle of “treating customers fairly” in order that the trust put in us as bankers is well-founded. It is important for the Bank to be seen to only comply not only with the letter of the law, but also embrace the spirit of the law, and we embed this principle throughout the Bank.

ICBC London Branch

ICBC has a strong commitment to the UK market and has close links to the London Branch, which had a very successful year. Internally we measure our overall success in the UK on the basis of the consolidated results in both the Branch and the Bank. The Branch followed a strategy of stable and sustained growth, concentrating on large corporates and institutions with a focus on creating deep relationships with its clients as it continues to grow its ancillary product offering.

From a risk perspective the main risks and how they are managed in the Branch are similar to that in the Bank, although the severity/impact of those risks might be different in the two entities.

In the coming year the Branch will continue to focus on steady growth of its asset book and the on-going diversification of income sources, which assists its ability to support the Bank from a funding perspective.

Section 172 of the Companies Act

Strategic Report

The Directors have acted in a way that they considered, in good faith, to be most likely to promote the success of ICBC (London) plc for the benefit of its member as a whole, and in doing so had regard, amongst other matters, to:

(i) the likely consequences of any decision in the long-term;

(ii) the interests of the Company's employees;

(iii) the need to foster the Company's business relationships with suppliers, customers and others;

(iv) the impact of the Company's operations on the community and the environment;

(v) the desirability of the Company maintaining a reputation for high standards of business conduct; and

(vi) the need to act fairly as between members of the Company.

The Directors also took into account the views and interests of a wider set of stakeholders, including our regulators, the Government, and non-government organisations.

In setting the long-term strategic direction for the Bank, we do not only consider financial metrics, but also consider the impact our plans will have on all our members and the society we operate in generally. We acknowledge that the Bank can only maintain its reputation as a responsible corporate citizen if it is managed in a way that promotes the well-being of all stakeholders involved with the Bank.

Our employees are at the heart of what we do and being a relatively small company by number of employees operating in one location we have the benefit of a high-level of personal employee engagement. In addition to that the Bank has several other means to engage directly with employees through regular meetings and staff events.

At our core we are a relationship-based Bank and our success is therefore predicated on building long-term partnerships with our customers and suppliers to the mutual benefit of all parties. This means we are dedicated to ensure that our staff and management maintain a personal relationship with our customers and where possible incorporate regular site visits to get an understanding of our customers' current needs and future plans and ambitions.

As part of the much larger ICBC banking group we are constantly looking at the role we can play in improving our impact on the environment (either through supporting global green finance or ESG initiatives, or supporting smaller initiatives locally). We recognise that we have a responsibility to our local community and the Bank therefore actively engages in a number of ways to make a difference.

Conclusion

This Bank has had a challenging but successful year. The cyber incident and adjusting to a "new normal" working environment in the wake of it tested the resilience of the Bank and our colleagues. On the other hand we had one of our most successful years from a profitability perspective and the new management team has embedded well. We are confident that we start 2025 from a position of strength. The Bank has managed the macro-economic and political uncertainties well, ending the year with robust, high quality balance sheet. We remain confident that we are well-placed to withstand and manage uncertainty but also to take advantage of any opportunities.

The Strategic Report was approved by the Board on 4 April 2025

Fang Hu

Chief Executive Officer

Board of Directors and other information

Directors (as of 31 December 2024)

Weiwu Zhang (Chairman)
Fang Hu (Chief Executive Officer)
Graeme Tosen (Chief Financial Officer)
Jianjun Liu (Deputy General Manager)
Hui Cui (Deputy General Manager)
Qingsheng Lin (Non-Executive Director)
Alan Gemes (Independent Non-Executive Director)
Giles Adams (Independent Non-Executive Director)

Company Secretary

Asim Siddiqui

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London
EC4N 7BG

Management Team (as of 31 December 2024)

Fang Hu (Chief Executive Officer)
Graeme Tosen (Chief Financial Officer)
Robert Clark (Chief Risk Officer)
Xiaoliang Zhang (Chief Operating Officer)
Hui Cui (Deputy General Manager)
Jianjun Liu (Deputy General Manager)

Directors' Report

The Directors present their report and the Financial Statements of the Bank for the year ended 31 December 2024.

Financial Statements

The Financial Statements are prepared in US Dollars ($) as this is the underlying currency in which the Bank conducts its principal activities.

Matters included within the Strategic Report

Details of business review, future developments indication of financial risk management objectives and policies and the Bank's exposure to principal risk have been included in the Strategic Report.

Results and dividends

The trading results for the year, and the Bank's financial position at the end of the year, are shown in the attached Financial Statements.

No dividend has been paid and the directors do not recommend the payment of a dividend for the year.

The profit of the Bank for the year, after taxation, amounted to $39.66 million (2023: $26.14 million). The credit balance on the Profit and Loss Account is to be carried forward.

Principal activities

The principal activities of the Bank are international banking and related services within the scope of permissions granted to the Bank under the Financial Services and Markets Act 2000.

Compliance with Section 172 of Companies Act

Please refer to the Strategic Report for more details on this.

Streamlined Carbon and Energy Report

Please refer to the Strategic Report for more details on this.

Events since the reporting date

There is no significant event since the reporting date.

Directors and their interests

The directors who held office during the year and up to the date of signing were as follows:

Weiwu Zhang	Chairman
Fang Hu	Director and Chief Executive Officer
Graeme Tosen	Director and Chief Financial Officer
Hui Cui	Director
Jianjun Liu	Director
Qingsheng Lin	Non-Executive Director

Directors' Report

Alan Gemes	Independent Non-Executive Director	
David Newton	Independent Non-Executive Director	(resigned on 22 April 2024)
Giles Adams	Independent Non-Executive Director	(appointed on 17 April 2024)

No contracts of significance in relation to the Bank's business in which a director of the Bank had any interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year, within the meaning of Section 413 of the Companies Act 2006.

The Bank has entered into qualifying third-party indemnity arrangements for the benefit of all its directors in a form and scope which comply with the requirements of the Companies Act 2006 and which were in force throughout the year and remain in force.

Donations

During the financial year the Bank made no political donations (2023:$nil).

Going Concern

The Bank's directors have made an assessment of the Bank's ability to continue as a going concern.

In assessing going concern, the Directors take account of all information which they are aware of about the future, which is at least, but not limited to, 12 months from the date that the Balance Sheet is signed. This includes, amongst other things, all the statements on future plans and strategy mentioned in the Strategic Report. The Directors assess the Bank's forecasted results and projections, estimated capital, funding and liquidity requirements, contingent liabilities, and possible economic, market and product developments under normal and stressed scenarios. The Bank did an assessment of the risk to capital due to increased credit risk at an individual counterparty basis, which is the main risk to capital under stress for the Bank. We performed a severe stress on the capital resources, assuming a significant number of counterparties (from more vulnerable sectors) defaulted at the same time (at a 100% loss given default) without taking into account any benefit from additional management actions. In addition, a liquidity stress test is performed to test both the short and medium term resilience of the Bank in times of market liquidity tightening. The Directors are satisfied that the Bank has sufficient capital and liquidity resources to continue in business for the foreseeable future under the stressed scenarios. Further, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern.

Disclosure of information to the auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he/ she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

In accordance with section 489 of the Companies Act 2006, a resolution for the appointment of Deloitte as the external auditor for the year ending 2024 was passed at the Annual General Meeting.

Approved and authorised for issue by the Board of Directors

Fang Hu

Chief Executive Officer

4 April 2025

Directors' Report

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with *United Kingdom Generally Accepted Accounting Practice* (the United Kingdom Accounting Standards and applicable law), including FRS 102 "*The Financial Reporting Standard applicable in the UK and Republic of Ireland*".

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ICBC (LONDON) PLC

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of ICBC (London) Plc (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 36.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was: • Valuation of expected credit losses Within this report, key audit matters are identified as follows: Newly identified Increased level of risk Similar level of risk Decreased level of risk
Materiality	The materiality that we used in the current year was $5.36m which was determined based on 1% of net assets amounting to $536m.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.
Significant changes in our approach	There have been no significant changes in our audit approach compared with the prior year.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- performing a detailed risk assessment to identify factors that could impact the going concern basis of accounting;
- understanding and evaluating the Company's current and forecast performance, and key assumptions, including the expected profitability during the going concern assessment period;
- assessing the consistency of assumptions used in forecasts with the assumptions used in other key estimates;
- testing the clerical accuracy of those forecasts and our assessments of the historical accuracy of forecasts prepared by the directors;
- evaluating the directors' assessment of the Company's capital and liquidity position taking into account the future plans for the Company as disclosed in the strategic report on page 4;
- evaluating the Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP) submissions to the Prudential Regulatory Authority (PRA) with involvement of our regulatory risk specialists to assess the capital and liquidity projections and the results of the capital reverse stress testing;
- reviewing of correspondence with regulators to assess whether the directors' conclusions are appropriate; and
- assessing the appropriateness of the going concern disclosures made in the financial statements in view of the FRC guidance.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Valuation of expected credit losses

Key audit matter description	IFRS 9 – Financial Instruments requires the Company to recognise expected credit losses ("ECL") on financial assets held at amortised cost as well as those held at fair value through other comprehensive income ("FVTOCI"). As at 31 December 2024, the total ECL provision was $258k (2023: $571k). There are several key elements that drive the IFRS 9 ECL calculation, some of which are mechanical in nature, whilst other elements involve more judgement. These have been described below: - The calculation of ECL uses complex and inherently judgemental modelling techniques. The probability of default ("PD") in particular is a key driver of the ECL calculation and is a function of credit ratings in combination with the appropriate integration of macroeconomic scenarios in the model; - Changes in the PD is a significant determinant of whether an exposure is considered stage 1 or stage 2. The movement from stage 1 to stage 2 results in the recognition of a lifetime ECL rather than a 12-month ECL and so can have a significant effect on the level of the allowance. The judgements involved in determining the ECLs as noted above involve a high level of subjectivity and, therefore, we have identified the valuation of expected credit losses related to financial instruments as a key audit matter. This key audit matter contains a potential risk of fraud due to the inherent judgement and risk of bias associated with recognising ECLs in the year which directly impacts the profit and loss account and the statement of comprehensive income. Information about impairment loss is disclosed in note 11, and also in the credit risk disclosure in note 29 and risk management section of the financial statements in note 28. Critical accounting judgements and estimates and key sources of estimation uncertainty are covered in note 1.6 to the financial statements, with the related accounting policies covered in note 1 to the financial statements.

How the scope of our audit responded to the key audit matter	We completed the following procedures in relation to the key audit matter: • We obtained an understanding of the relevant controls over lending and allowance for expected credit losses (ECL) business cycles; • With the support of our credit modelling specialists, we assessed the reasonableness of the overall IFRS 9 methodology, including an assessment of the appropriateness of the key assumptions used; • We performed loan file reviews for each borrower and challenged the appropriateness of the staging classification applied for the counterparties. This included consideration of factors such as internal risk indicators and financial performance of the borrower in order to evaluate whether significant increases in credit risk and default events had been adequately captured. • We verified the accuracy of key inputs used in the impairment calculation by inspecting collateral valuations, credit ratings for reputable credit rating agencies and other underlying supporting documents; • With the involvement of our credit modelling specialists we evaluated the methodology used to calculate the PDs for reasonableness and consistency with model documentation; • With the involvement of our economic specialists, we evaluated the appropriate incorporation of the macroeconomic scenarios and forecasts in the ECL model; and • We considered the impact of climate change risks on the valuation of ECL by reviewing the directors' assessment of climate-related risk on loans and advances.
Key observations	Based on the procedures performed and evidence obtained, we conclude the Company's assumptions, judgements and approach to estimating expected credit losses to be reasonable.

6. Our application of materiality

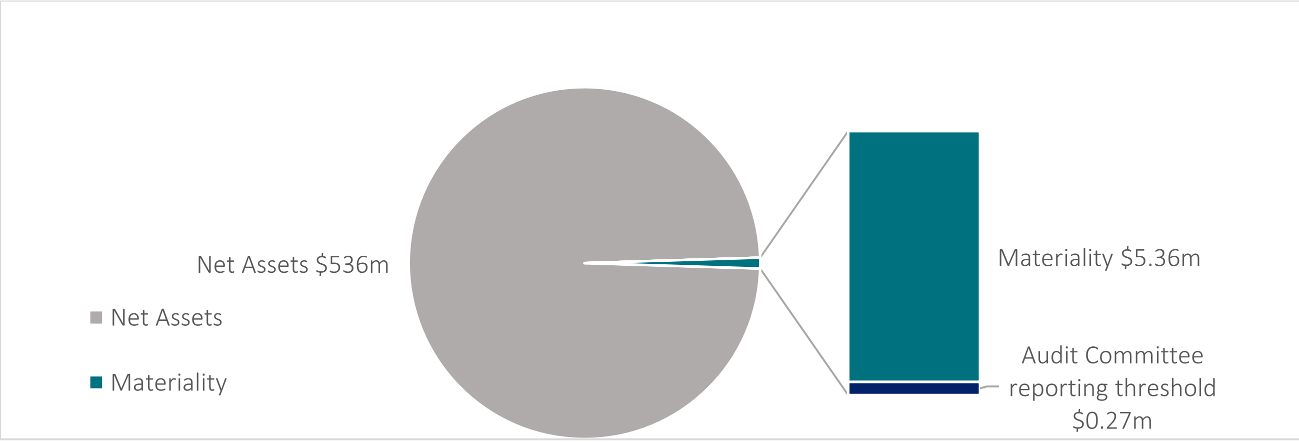
6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	\$5.36m (2023: \$2.42m)
Basis for determining materiality	1% of net assets (2023: 0.5% of net assets) In the current year, we have increased the benchmark from 0.5% to 1% that was used in previous years to 1% in order to closely align with entities of similar size and similar industry.

Rationale for the benchmark applied	Net assets has been chosen as a benchmark for determining materiality. We have considered net assets to be the most appropriate benchmark as the Company is a regulated entity where its capital position is of importance to the key users of the financial statements. The key users include regulators and the shareholder.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality (2023: 70%). In determining performance materiality, we considered the following factors:

a. Our risk assessment, including our assessment of the Company's overall control environment;
b. The nature, volume and size of misstatements both corrected and uncorrected in the previous audit; and
c. Management's willingness to investigate and correct misstatements.

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of $0.27m (2023: $0.12m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Scoping

Our audit was scoped by obtaining an understanding of the Company and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

7.2. Our consideration of the control environment

We have obtained an understanding of the relevant controls over the key business cycles such as financial reporting—which includes the journal entry process—loan origination and administration, expected credit losses, treasury and customer deposits.

Our IT specialists have obtained an understanding of the relevant IT controls for key IT systems that are operated locally.

7.3. Our consideration of climate-related risks

In planning our audit, we have considered the potential impact of climate change on the Company's business and its financial statements.

As part of our audit, we have obtained the directors' climate-related risk assessment and held enquiries with relevant operational and finance staff to understand the process of identifying climate-related risks, their consideration of mitigating actions and the potential impact on the Company's financial statements.

The directors have assessed that there is currently no material impact arising from climate change on the judgements and estimates determining the valuations within the financial statements. This is disclosed in note 1.6.1 to the financial statements.

Based on enquiries with management and review of the climate-related risk assessment including the SECR reporting, which was conducted by an external party engaged by the Company, we did not identify any additional risks of material misstatement. Our procedures also included reading disclosures included in the strategic report to consider whether they are materially consistent with the financial statements and our knowledge obtained during the audit.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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 directors are responsible for assessing the Company'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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

10. 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 ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit, the compliance function, the directors and the audit committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Company's sector;
- any matters we identified having obtained and reviewed the Company's documentation of their policies and procedures relating to:
    - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance, including the cyber security incident as disclosed in the strategic report;
    - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
    - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including IT, credit modelling and economic specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following area: valuation of expected credit loss, specifically in respect of assessing whether a significant increase in credit risk existed. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included the Company's operating licence and regulatory solvency requirements as required by the Prudential Regulatory Authority (PRA) and Financial Conduct Authority (FCA).

11.2. Audit response to risks identified

As a result of performing the above, we identified valuation of expected credit losses as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and external legal counsel concerning actual and potential litigation and claims;
- in relation to the cyber security incident, assessing the results of management's investigation to understand impact of the incident on the Company's operations;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and other regulatory authorities including the PRA and FCA; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in deriving accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Opinion on other matter prescribed by the Capital Requirements (Country-by-Country Reporting) Regulations 2013

In our opinion the information given in note 33 to the financial statements for the financial year ended 31 December 2024 has been properly prepared, in all material respects, in accordance with the Capital Requirements (Country-by Country Reporting) Regulations 2013.

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

15. Other matters which we are required to address

15.1. Auditor tenure

Following the recommendation of the audit committee, we were appointed by the shareholder on 26 February 2021 to audit the financial statements for the year ended 31 December 2021 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is four years, covering the years ending 31 December 2021 to 31 December 2024.

We will be resigning as the external auditor after completion of the 31 December 2024 year end audit. Further details regarding the appointment of the new external auditor are disclosed in page 13 in the directors' report.

15.2. Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

16.Use of our report

This report is made solely to the Company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Tobias de Villiers (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
4 April 2025

Statement of Comprehensive Income

for the year ended 31 December 2024

	Notes	2024 $ '000	2023 $'000
Interest receivable	2	**80,464**	**64,844**
Interest receivable and similar income arising from financial investments		8,039	6,562
Other interest receivable		72,425	58,282
Interest payable	**2**	**(24,461)**	**(28,971)**
Net interest income		**56,003**	**35,873**
Fees and commissions receivable	2	2,516	1,671
Fees and commissions payable	2	(403)	(371)
Net fees and commission		**2,113**	**1,300**
Dealing (loss)/proft		515	375
Other operating income	3	6,773	5,844
Other income		**7,288**	**6,219**
Total operating income		**65,404**	**43,392**
Staff costs	4	(38,325)	(39,301)
Depreciation and amortisation	15,16	(1,154)	(1,234)
Other operating charges	6	(10,487)	(9,009)
Reimbursement of expenses attributable to the Branch	7	39,091	39,539
Operating expenses		**(10,875)**	**(10,005)**
Impairment releases/(losses)	11	312	1,180
Profit on ordinary activities before tax		**54,841**	**34,567**
Tax on profit on ordinary activities	8	(15,178)	(8,432)
Profit for the financial year		**39,663**	**26,135**

All activities of the Bank are considered to relate to continuing operations.

Statement of Comprehensive Income

for the year ended 31 December 2024

	Note	2024 *$ '000*	2023 *$ '000*
Profit for the financial year		**39,663**	**26,135**
Other comprehensive income:			
Change in fair value of financial investments at fair value through other comprehensive income (FVOCI)	13	5,430	10,201
Impairment allowance on financial investments at FVOCI	11	(115)	(88)
Tax on components of other comprehensive income		(1,357)	(3,097)
Other comprehensive income for the year, net of income tax		**3,957**	**7,016**
Total comprehensive income for the year		**43,620**	**33,151**

Notes 1 to 36 form part of these Financial Statements.

Balance Sheet

As at 31 December 2024

	Note	2024 $ '000	2023 $ '000
Assets			
Cash and balances at central banks	27	43,857	196,360
Loans and advances to banks	9	934,969	523,491
Loans and advances to customers	10	336,256	429,281
Derivative financial instruments	12	255	66
Financial investments at fair value through other comprehensive income (FVOCI)	13	313,176	251,961
Financial investments at amortised cost	14	27,177	68,805
Intangible assets	16	220	186
Tangible fixed assets	15	29,928	30,669
Current tax assets		-	-
Deferred tax assets	18	614	569
Prepayments, accrued income and other assets	17	15,677	13,332
Total Assets		**1,702,129**	**1,514,720**
Liabilities			
Deposits by banks	19	974,702	751,531
Customer accounts	20	165,625	244,297
Derivative financial instruments	12	-	-
Other liabilities		10,872	11,801
Accruals and deferred income	21	3,121	5,343
Provisions for liabilities	23		-
Current tax liabilities		1,705	718
Deferred tax liabilities	18	1,454	-
Total Liabilities		**1,157,479**	**1,013,690**
Share Capital and Reserves			
Called up share capital		200,000	200,000
Retained earnings		346,433	306,770
Other reserves		(1,783)	(5,740)
Total Share Capital and Reserves		**544,650**	**501,030**
Total Liabilities and Share Capital and Reserves		**1,702,129**	**1,514,720**
Memorandum items			
Contingencies and commitments	24	207,527	133,494

These Financial Statements were approved by the Directors on 4 April 2025 and are signed on their behalf by:

Fang Hu
Director

Graeme Tosen
Chief Financial Officer

Company Registration No: 4552753

Notes 1 to 36 form part of these Financial Statements.

Statement of Changes in Equity

for the year ended 31 December 2024

	Share capital	Retained earning	Other reserves	Total shareholder's funds
	$'000	*$'000*	*$'000*	*$'000*
At 1 January 2023	**200,000**	**280,635**	**(12,756)**	**467,879**
Profit for the year	-	26,135	-	26,135
Change in fair value of financial investments at FVOCI	-	-	10,201	10,201
Impairment charged on financial investments at FVOCI	-	-	(88)	(88)
Tax on other comprehensive income	-	-	(3,097)	(3,097)
At 31 December 2023	**200,000**	**306,770**	**(5,740)**	**501,030**
At 1 January 2024	**200,000**	**306,770**	**(5,740)**	**501,030**
Profit for the year		39,663	-	39,663
Change in fair value of financial investments at FVOCI			5,430	5,430
Impairment released on financial investments at FVOCI			(116)	(116)
Tax on other comprehensive income			(1,357)	(1,357)
At 31 December 2024	**200,000**	**346,433**	**(1,783)**	**544,650**

Notes 1 to 36 form part of these Financial Statements.

Statement of Cash flows

for the year ended 31 December 2024

	Notes	2024 $ '000	2023 $ '000
Cash flows from operating activities			
Profit		**39,663**	**26,135**
Adjustments for non-cash items			
Depreciation of tangible fixed assets	15	1,073	1,070
Amortisation of intangible assets	16	81	164
Impairment losses	11	(312)	(1,180)
Interest income	2	(80,464)	(64,844)
Interest expense	2	24,461	28,971
Exchange gain and accretion of discounts and amortisation of premiums on financial investments		7,528	(4,149)
Revaluation (gain)/ loss on financial derivatives		(189)	(66)
Tax on profit on ordinary activities	8	15,178	8,432
		(32,644)	**(31,602)**
Decrease/ (increase) in operating assets			
Loans to banks	9	(436,287)	136,996
Loans and advances to customers	10	93,250	(97,842)
Financial investments at FVOCI	13	(60,711)	17,973
Financial investments at amortised cost	14	41,729	106,936
Other assets	17	(957)	1,104
		(362,976)	**165,167**
(Decrease)/increase in operating liabilities			
Deposits by banks	19	223, 171	(59,118)
Deposits from customers	20	(78,671)	(3,639)
Other liabilities		(1,030)	3,697
		143,470	**(59,060)**
Adjustment for cash items			
Interest received		79,076	63,856
Interest paid		(26,683)	(26,378)
Income tax paid		(14,140)	(8,715)
		38,253	**28,763**
Net cash used in operating activities		**(174,234)**	**129,403**
Cash flow from investing activities			
Acquisition of tangible fixed assets	15	(332)	(87)
Acquisition of intangible assets	16	(115)	(188)
Net cash used in investing activities		**(447)**	**(275)**
Net cash from financing activities		-	-
Net decrease in cash and cash equivalents		**(174,681)**	**129,128**
Cash and cash equivalents at 1 January	27	**316,971**	**180,382**
Effects of exchange rates on cash and cash equivalents		(2,663)	7,461
Cash and cash equivalents at 31 December	27	**139,627**	316,971

The amount of significant cash and cash equivalents held by the Bank that are not available for use by the Bank is $nil (2023:$nil)

The notes 1 to 36 form part of these Financial Statements.

Notes to the Financial Statements

for the year ended 31 December 2024

1. Accounting policies

1.1 Corporate information

ICBC (London) plc (the Bank), a wholly-owned subsidiary of Industrial and Commercial Bank of China Limited, is a public company limited by shares. The Bank is incorporated and domiciled in England and Wales under the Companies Act 2006 with its registered office at 81 King William Street, London EC4N 7BG. The Bank is licensed to carry on banking business in the United Kingdom under the regulatory supervision of the Prudential Regulatory Authority (PRA) and Financial Conduct Authority (FCA).

1.2 Basis of preparation

The Financial Statements have been prepared under the historical cost convention, modified to include certain items at fair value, in accordance with FRS 102 issued by the Financial Reporting Council, the Companies Act 2006 and the special provisions of Schedule 2 of Large and Medium-sized Companies and Group (Accounts and Reports) Regulation 2008.

At the time of approval of these Financial Statements, the Board of Directors of the Bank was satisfied that the capital and liquidity position of the Bank remained satisfactory for at least twelve months from the signing date of the Financial Statements. The Bank did an assessment of the risk to capital due to increased credit risk at an individual counterparty basis and performed a severe stress on the capital resources, assuming a significant number of counterparties (from more vulnerable sectors) defaulted at the same time (at a 100% loss given default) without taking into account any benefit from additional management actions In addition, a liquidity stress test is performed to test both the short and medium term resilience of the Bank in times of market liquidity tightening. The Bank maintained a sufficient capital and liquidity position after the respective stresses were applied. In addition, the Directors considered all the statements on future plans and strategies mentioned in the Strategic Report.

The Financial Statements have been prepared on a going concern basis as the Board of Directors concluded that there was a reasonable expectation that the Bank has adequate resources to continue as a going concern for a period of at least 12 months from date of approval of the Financial Statements.

The Financial Statements were authorised for issue by the Board of Directors of the Bank on 4 April 2025.

1.3 Review of accounting policies

The Bank prepares Financial Statements in accordance with FRS 102. The Bank has chosen to adopt the recognition and measurement provisions of IFRS 9 Financial Instruments issued by the IASB in July 2014, the disclosure requirements of Section 11 and 12 and the presentation requirements of paragraph 11.38A or 12.25B of FRS 102 in respect of Financial Instruments from 1 January 2018, departing from the recognition and measurement provisions of IAS 39.

1.4 Functional and presentational currency

The Financial Statements are prepared in US Dollars, which is the functional currency of the Bank since most of the assets and liabilities are in USD. Unless otherwise indicated, all the figures are rounded to the nearest thousand.

1.5 Foreign currencies transactions and balances

Transactions in currencies other than US Dollars are translated into US Dollars using the spot exchange rate ruling at the date of the transaction. At the end of each reporting period, monetary assets and liabilities denominated in currencies other than US Dollars are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non- monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Notes to the Financial Statements

for the year ended 31 December 2024

1.6 Critical accounting judgements and key sources of estimation uncertainty

The preparation of Financial Statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures. Actual results may differ from these estimates.

The key assumptions concerning the future, management judgements and estimations that have a significant risk of causing a material adjustment to the carrying amount of assets or liabilities within the next financial year are mainly relating to impairment losses (refer to Note 29 for further details). The management judgement and estimation are also required for the classification of financial assets and fair value of financial instruments. The details are set out below:

1.6.1 Impairment losses on financial assets

The Bank determines impairment losses on financial assets based on the expected credit loss (ECL). The measurement of the expected credit loss allowance for financial assets measured at amortised cost and fair value through other comprehensive income (FVOCI) is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL;
- Applying management overlays on ECL in order to address data or model limitations.

The Bank has assessed the impact of climate-related risks on the financial statements, in particular the impact on the valuation of ECL. The Bank does not consider there to be a material impact on its judgements and estimates from the physical and transition climate-related risks.

1.6.2 Classification of financial assets

The classification of financial assets is based on (i) the business model within which financial assets are managed and (ii) contractual cash flow characteristics (whether the cash flows represent 'solely payment of principal and interest'(SPPI)). Determining the appropriate business models and assessing the SPPI requirements for financial assets may require significant accounting judgement.

1.7 Exemption under FRS 102

The Bank has taken advantage of the following exemptions under FRS 102:

1.7.1 Related Party Disclosure

The Bank has taken advantage of the exemption, under FRS 102.1.12 (e), to disclose key management personnel compensation in total.

Notes to the Financial Statements

for the year ended 31 December 2024

1.8 Significant Accounting Policies

1.8.1 Financial instruments

The Bank has chosen to adopt the recognition and measurement provisions of IFRS 9 Financial Instruments (as adopted for use in the EU), the disclosure requirements of Section 11 and 12 and the presentation requirements of paragraph 11.38A or 12.25B of FRS 102 in respect of Financial Instruments from 1 January 2018.

1.8.1.1 Financial Assets

The Bank classifies and subsequently measures the financial assets based on:

- The business model within which financial assets are managed; and
- Contractual cash flow characteristics

Based on these factors, the Bank classifies its financial assets into one of the following three measurement categories:

i. Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at fair value through profit or loss (FVPL), are measured at amortised cost. The carrying amount of these assets is adjusted by the impairment allowance.

Loans to banks, loans to customers and those bond investments, which are held until maturity in order to collect contractual cash flows, are measured at amortised cost.

ii. Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in the Profit and Loss Account.

The Bank only measures bond investments held for liquidity and interest earning purposes at FVOCI.

iii. Fair value through profit or loss (FVPL)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss.

The Bank measures derivatives at FVPL.

Business model

The business model reflects how the Bank manages the assets in order to generate cash flows. That is, whether the Bank's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of an 'other' business model and measured at FVPL. Factors considered by the Bank in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the assets'

Notes to the Financial Statements

for the year ended 31 December 2024

performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

Contractual cash flow characteristics

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Bank assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Bank considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Bank reclassifies financial assets when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

1.8.1.2 Impairment of financial assets

The impairment of financial assets is recognised based on a forward-looking "expected credit loss" (ECL) model. Expected credit losses are a probability-weighted estimate of credit losses over the expected life of the financial instrument. In estimating this, the Bank has to consider all relevant historical information as well as expectations of the future. The impairment model is applicable to financial assets recorded at amortised cost or at fair value through other comprehensive income, loan commitments and financial guarantee contracts that are not measured at fair value through profit or loss.

The measurement of expected loss will involve increased complexity and judgement including estimation of Probability of Default (PD), Loss Given Default (LGD), a range of unbiased future economic scenarios, estimation of expected lives, estimation of exposures at default and assessing increases in credit risk. The modelling techniques section below provides further information on this.

Financial assets migrate through the following three stages based on the change in credit risk since the initial recognition:

Stage 1: 12-months Expected Credit Losses (ECL)

The 12-months ECL is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of the lifetime ECL associated with default events occurring within the next 12 months is recognised and interest revenue is calculated on the gross carrying amount of the asset.

Stage 2: Lifetime ECL – not credit impaired

Lifetime ECL is the discounted sum of ECL over the full remaining life of the instrument. For exposures where there has been a significant increase in credit risk since initial recognition but there is no objective evidence of impairment, a lifetime ECL associated with the probability of default events occurring over the maximum contractual period during which the Bank is exposed to credit risk is recognised. Interest revenue is calculated on the gross carrying amount of the asset.

Stage 3: Lifetime ECL – credit impaired

Exposures are assessed as credit-impaired when there is objective evidence of impairment at the reporting date. For exposures that have become credit-impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of credit allowance) of the asset.

Notes to the Financial Statements

for the year ended 31 December 2024

An exposure will migrate through the ECL stages as asset credit quality deteriorates. If, in a subsequent period, asset credit quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the credit allowance reverts from lifetime ECL to 12-months ECL.

Significant increase in credit risk (SICR)

When determining whether the risk of default has increased significantly since the initial recognition, the Bank considers both quantitative and qualitative information and analysis based on the Bank's historical experience and expert credit assessment, including forward-looking information. The quantitative test for determining the SICR includes a deterioration of the probability of default (PD) of counterparties at the reporting date compared to the life time PD at the date of origination (the PD needs to deteriorate at higher scale - both in terms of the percentage and the absolute value - for a highly rated counterparty than for a counterparty rated as a sub-investment grade in order to trigger the SICR); and a backstop of 30 days past due.

The criteria used to identify significant increases in credit risk are monitored and reviewed periodically by the Bank.

Default and credit-impaired assets

The Bank defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

i. Quantitative default criteria

The borrower is more than 90 days past due on its contractual payments.

ii. Qualitative default criteria

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- The issuer or obligor is in significant financial difficulty.
- There is a breach of contract, such as a default or delinquency in interest or principal payments.
- It is probable that the borrower will enter bankruptcy or other financial reorganisation.
- The borrower is insolvent or facing liquidity, business and financial risk exposures.

The above criteria are applied to all financial instruments held by the Bank and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) throughout the Bank's ECL calculations.

An instrument is considered to no longer be in default (i.e. to have been cured) when it no longer meets any of the default criteria for a consecutive period of typically 6 months. The period has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after curing using different possible cure definitions.

Forward-looking information

The assessment of significant increases in credit risk and the calculation of ECLs both incorporate forward-looking information. The Bank has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

This analysis considered a range of relevant forward-looking macroeconomic assumptions for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of ECLs. Macroeconomic factors taken into consideration include, but are not limited to, unemployment levels, interest rates, gross domestic product, inflation and commercial property prices, and require evaluation of both the current and forecast direction of the macroeconomic cycle. Incorporating forward-looking information increases the degree of judgement required as to how changes in these macroeconomic factors will affect ECLs. Refer to Note 29 for further details on macroeconomic factors.

In addition to the base case economic scenario, other possible scenarios along with scenario weightings are sourced externally. The number of other scenarios used is set based on the analysis of each major product type to ensure non-linearities are captured. The scenario weightings are determined by a combination of external sources and expert credit judgement, taking account of the range of possible outcomes represented by each chosen scenario.

The assessment of significant increases in credit risk is performed using lifetime PD under each of the base case and other scenarios, multiplied by the associated scenario weighting, along with qualitative and backstop indicators. This determines whether the whole financial instrument is in Stage 1, Stage 2 or Stage 3 and hence whether 12-month or lifetime ECLs should be recorded. Following this assessment, the Bank measured expected credit losses as either a probability-weighted 12-month ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3). These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying by the appropriate scenario weighting (as opposed to weighting the inputs).

Modelling techniques

Expected credit losses are calculated using three main components, i.e. PD, EAD and LGD. These parameters are generally derived from internally-developed statistical models combined with historical, current and forward-looking customer and macroeconomic data. For accounting purposes, the 12-month and lifetime PDs represent the expected point-in-time probability of a default over the next 12 months and the remaining lifetime of the financial instrument respectively, based on conditions existing at the reporting date and future economic conditions that affect credit risk.

The LGD represents expected loss given default, taking into account the mitigating effect of collateral, its expected value when realised and the time value of money.

The EAD represents the expected exposure at default, taking into account the repayment of principal and interest from the reporting date to the default event together with any expected drawdown of a facility.

Modification of contractual cash flows

Modifications of the contractual cash flows of a financial asset might result in de-recognition of the existing instrument if the existing agreement is cancelled and a new agreement made on substantially different terms or if the terms of an existing agreement are modified such that the renegotiated loan is a substantially different instrument. The date of the modification is the date of initial recognition for the new financial asset.

Where a modification does not result in de-recognition, the gross carrying amount of the modified asset is adjusted to reflect the revised contractual cash flows. The new gross carrying amount is determined as the present value of the estimated future modified contractual cash flows discounted at the asset’s original effective interest rate. The resulting adjustment is charged to the profit and loss account as a gain or loss on modification.

Modified assets are assessed to determine whether a significant increase in credit risk has occurred. The Bank considers the credit risk at the reporting date under the modified contractual terms of the asset. This is compared to the credit risk at initial recognition under the original unmodified contractual terms of the financial asset. If this comparison does not show a significant increase in credit risk, the loss allowance is measured at a 12-month ECL.

Write-offs

The gross carrying amount of a financial asset will be reduced when the Bank has no reasonable expectations of recovering the asset. Write-offs can relate to a financial asset in its entirety or to a portion of it. Such assets are written off against the related credit allowance. Subsequent recoveries of amounts previously written off reduce the amount of the expense in the profit and loss account.

Notes to the Financial Statements

for the year ended 31 December 2024

1.8.1.3 Financial Liabilities

The Bank classifies its financial liabilities in the following categories:

i. Financial Liabilities designated at fair value through profit or loss

Financial liabilities may be designated at fair value through profit or loss only if such a designation:

- eliminates or significantly reduces a measurement or recognition inconsistency;
- applies to a group of financial assets, financial liabilities, or both which is managed and its performance is evaluated on a fair value basis.

Financial Liabilities at fair value through profit or loss are recognised initially at fair value, with transaction costs recognised in the Profit and Loss Account. Subsequent to initial recognition, any gain or loss arising from changes in fair value are recognised in the Profit and Loss Account.

ii. Other Financial Liabilities

All other financial liabilities are measured initially at fair value including transaction costs that are directly attributable to the acquisition or issue of the financial liabilities. Subsequently, they are carried at amortised cost.

1.8.1.4 Derecognition of financial assets and liabilities

Financial assets are derecognised when the right to receive cash flows from the assets has expired; or when the Bank has transferred its contractual right to receive the cash flows of the financial assets, and substantially all the risks and rewards of ownership; or where control is not retained.

Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expired.

1.8.1.5 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the Financial Statements when the Bank has a current legally enforceable right to set-off the recognised amount and the Bank intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

1.8.1.6 Derivatives and credit valuation adjustment/ debit valuation adjustment

Derivatives are recorded at fair value at trade date and are subsequently recognised at fair value. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are taken to the Profit and Loss Account.

Credit valuation adjustment (CVA) and Debit valuation adjustment (DVA) are adjustments for financial derivatives in order to reflect the credit risk of the counterparty and the Bank's own risk respectively. CVA and DVA are calculated using estimates of exposure at default, probability of default and recovery rates, at a counterparty level.

1.8.2 Interest income and expense

For all financial instruments measured at amortised cost and interest-bearing financial instruments measured at fair value through other comprehensive income, interest income or expense is recorded at the effective interest rate (EIR), which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the carrying amount of the financial asset or financial liability. The effective interest rate is determined on the basis of the carrying amount of the financial asset or liability at initial recognition. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument

Notes to the Financial Statements

for the year ended 31 December 2024

and are an integral part of the effective interest rate. The carrying amount of the financial asset or financial liability is adjusted if the Bank revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest income or expense.

Once the recorded value of a financial asset or group of similar financial assets has been reduced by an impairment loss, interest income continues to be recognised using the original effective interest rate applied to the new carrying amount.

1.8.3 Fee and commission income

The Bank earns fee and commission income from loans and advances, trade finance facilities and other services such as fund transfer etc. it provides to its customers over a certain period of time. Fee income is accounted for as follows:

- income earned on the execution of a significant act is recognised as revenue when the act is completed;
- income earned from the provision of services is recognised as revenue as the services are provided; and
- income which forms an integral part of the return on a financial instrument is recognised using the effective interest rate.

1.8.4 Taxation

Income Tax comprises current and deferred income tax. Tax is recognised in the Profit and Loss Account, except where it relates to items recognised in other comprehensive income or directly in Equity, in which case tax is recognised in other comprehensive income.

i. Current Tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period-end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

ii. Deferred Tax

Deferred tax shall be recognised in respect of all timing differences at the reporting date. Timing differences are differences between taxable profits and total comprehensive income as stated in the Financial Statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the Financial Statements.

Unrelieved tax losses and other deferred tax assets shall be recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and legislation enacted, or substantively enacted, by the reporting date that are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

1.8.5 Tangible fixed assets and depreciation

Fixed assets are recorded at cost less accumulated depreciation and any accumulated impairment.

Depreciation is calculated on a straight-line basis over the period of their estimated useful economic lives as follows:

Building	-	50 years
Refurbishment on building	-	10 years

Notes to the Financial Statements

for the year ended 31 December 2024

Leasehold improvements, office furniture and equipment	-	5 years
Motor vehicles	-	5 years
Computer hardware	-	3 years

Land is not depreciated

The carrying values of tangible fixed assets are reviewed for impairment at each reporting date and when events or changes in circumstances indicate the carrying value may not be recoverable.

1.8.6 Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives of the assets. The estimated useful life and amortisation method are reviewed at the end of each reporting period.

Software with an indefinite useful life is amortised on a straight-line basis over 3 years.

1.8.7 Impairment of non-financial assets

At each reporting date, the Bank reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The 'recoverable amount' of an asset is the greater of its value in use and its fair value less costs to sell. 'Value in use' is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

Impairment loss is recognised in the Profit and Loss Account. The impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.8.8 Employee Benefits

i. *Short-term employee benefits*

Short-term employee benefits such as salaries, paid holiday, sick leave and other similar benefits are measured on an undiscounted basis and recognised as expenses in the period of service rendered. Bonuses are recognised as provision to the extent that the Bank has a present obligation to its employees that can be measured reliably. All expenses related to employee benefits are recognised in the Profit and Loss Account in Personal Expenses.

ii. *Defined Contribution Pension Plan*

The Bank has a defined contribution pension plan for its eligible employees through a personal pension scheme provider. Contributions are charged to the Profit and Loss Account as incurred. The amount recognised in the Profit and Loss Account is disclosed in Note 4.

iii. *Variable Remuneration Plan*

In compliance with the Remuneration requirements of the PRA Rulebook and relevant accounting standards, the Bank has adopted a deferral policy for variable remuneration to align our remuneration practices with the long-term interests of the bank and its stakeholders. This policy affects material risk takers (MRT) and staff whose activities have a significant impact on our risk profile.

Notes to the Financial Statements

for the year ended 31 December 2024

Variable remuneration is deferred over a period between four and seven years. The deferred portion, which constitutes at least 40% of the variable remuneration (60% for higher earners), is subject to performance adjustment mechanisms, including potential downward adjustments in case of underperformance or adverse risk outcomes

A portion of the remuneration is linked to the market value of Parent Bank (ICBC Ltd) shares. These instruments are measured at fair value at the time of deferral and are subsequently remeasured at fair value at the reporting date in accordance with Section 26 Share-based Payment of FRS 102.

The recognition of expense related to the deferred remuneration will be reflected in the service period over which the employee earns the remuneration. Adjustments to the deferred remuneration, including clawbacks, are accounted for as changes in estimates and are recognised in the period in which the adjustments are determined.

1.8.9 Leases

The Bank pays rent under operating leases and these rents are charged to the Profit and Loss Account over the lease term on a straight-line basis.

1.8.10 Provisions

Provisions are recognised when it is probable that an outflow of economic benefits will be required to settle a current legal or constructive obligation as a result of past events, and a reliable estimate can be made of the amount of the obligation.

1.8.11 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably. Contingent liabilities are disclosed in the notes to the Financial Statements. When a change in the probability of an outflow occurs so that outflow is probable and can be reliably estimated, it will then be recognised as a provision.

1.8.12 Cash and cash equivalents

Cash and cash equivalents comprise cash, balances at central bank and balances due from other banks with an original maturity period of less than three months.

1.8.13 Reimbursement of expenses attributable to the Branch

The Bank books operating expenses including staff costs incurred for both the Bank and ICBC London Branch. The Bank will receive higher of Return on Assets or the cost incurred for the Branch’s activities as a reimbursement for the Branch’s share of total expenses, which is reported under “Reimbursement of expenses attributable to the Branch”.

Notes to the Financial Statements

for the year ended 31 December 2024

2. Interest and similar income arising from debt securities

2024

	Loans and advances	Financial investments at FVOCI*	Financial Investments at AC**	Deposits by bank	Customer accounts	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Interest and similar income						
arising from financial investments	-	7,136	903	-	-	**8,039**
Other interest and similar income	72,425	-	-	-	-	**72,425**
Total Interest and similar income	**72,425**	**7,136**	**903**	-	-	**80,464**
Interest expense	-	-	-	(21,113)	(3,348)	**(24,461)**
Net interest income	**72,425**	**7,136**	**903**	(21,113)	(3,348)	**56,003**
Fees and commissions income						2,516
Fees and commissions expense						(403)
Net fees income						**2,113**

**FVOCI –Fair value through other comprehensive income*

***AC– Amortised cost*

2023

	Loans and advances	Financial investments at FVOCI*	Financial Investments at AC**	Deposits by bank	Customer accounts	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Interest and similar income						
arising from financial investments	-	3,676	2,886	-	-	**6,562**
Other interest and similar income	58,282	-	-	-	-	**58,282**
Total Interest and similar income	**58,282**	**3,676**	**2,886**			**64,844**
Interest expense -	-	-	-	(23,848)	(5,123)	**(28,971)**
Net interest income	58,282	3,676	2,886	(23,848)	(5,123)	35,873
Fees and commissions income						1,671
Fees and commissions expense						(371)
Net fees income						**1,300**

Notes to the Financial Statements

for the year ended 31 December 2024

3. Other operating income

	2024 *$'000*	2023 *$'000*
Fees earned for services provided under a service level agreement with related parties	6,773	5,844
	6,773	**5,844**

The Bank earns fee income by providing Foreign Exchange, Precious Metal services, fixed income and derivative services, CNY financing services and CNY exchange trading services to related a party - Industrial and Commercial Bank of China Ltd.

4. Staff costs

Staff costs (including Directors) comprise the following:

	2024 *$'000*	2023 *$'000*
Wages and salaries	31,424	32,585
Social security costs	3,890	3,721
Pension costs	1,656	1,581
Other costs	1,355	1,414
	38,325	**39,301**

The monthly average number of people employed during the year was made up as follows:

	2024 *No*	2023 *No*
- Senior Management	6	6
- Front office functions	63	61
- Risk control and support functions	116	112
	185	**179**

Notes to the Financial Statements

for the year ended 31 December 2024

Deferred shares bonus plan

The Bank has adopted a deferral plan as part of its remuneration policy, that creates a mechanism to reward staff in line with the longer term performance of the Group as a whole.

The deferral plan applies to MRTs and certain other staff. Half of the variable remuneration awarded to MRTs is required to be linked to the share price of the ICBC Ltd (cash settled on vesting). Either 40% or 60% of the total variable remuneration of MRTs must be awarded in deferred form, which vests over four, or five or seven years from the date of the non-deferred awards, and is subject to forfeiture conditions. Deferred awards are not dependent on continued future service unless good leavers conditions are not met. Deferred bonus costs in relation to this plan is $1,129k (2023: $1,150k) during the year, and the same amount is outstanding at the year end.

The share-based deferred bonus liability is recognised at fair value as at the reporting date. Fair value is derived based on the movement of the share price between the date that the proxy shares were granted and the prevailing quoted share price for the fixed number of proxy shares at the reporting date. Any change in the fair value is recognised through profit or loss. Deferred cash is not revalued and is measured at face value.

The cost of share based awards is recognised in the Statement of Profit and Loss when awarded. The liability on the Statement of Financial Position comprises this accrued cost, less any vested awards that have been paid out. Details of share based payment liabilities and expenses recognition are provided below:

	2024	**2023**
	$'000	*$'000*
Carrying value of share based payment liability (Balance Sheet)	1,690	785
Expense arising from share based transaction (Profit or loss)	905	785

5. Directors' emoluments

The Directors' aggregate emoluments in respect of qualifying services were:

	2024	**2023**
	$'000	*$'000*
Salary	1849	2,660
Bonus	443	634
Pension	33	31
	2,325	**3,325**

Four directors accrued benefits under defined contribution scheme during 2024, the pension cost above relates to this benefit. All Directors except Non-Executive Directors work for both the Bank and the Branch. Of the total Directors' emoluments, the cost attributable to the Branch was $1.66 million in 2024 (2023: $2.52 million).

Notes to the Financial Statements

for the year ended 31 December 2024

The emoluments of the highest-paid Director were as below:

	2024	**2023**
	$'000	*$'000*
Salary, benefits and performance-related bonus	610	754

The highest paid director also works for both the Bank and the Branch. Of the total emolument, the cost attributable to the Branch was $487k in 2024 (2023: $614k).

6. Other operating charges

	2024	**2023**
	$'000	*$'000*
Administrative expenses	9,916	8,588
Operating leases:		
- Operating lease charges	-	-
- Reversal of provision for onerous lease	-	-
Auditor's remuneration:		
- Audit of the Financial Statements		
Current year	545	376
Previous year	-	16
- Audit-related assurance services		
Current year	26	22
Prior year	-	7
	10,487	**9,009**

The previous year amounts of Auditor's remuneration relate to previous year statutory audit fee paid during the current financial year.

Notes to the Financial Statements

for the year ended 31 December 2024

7. Reimbursement of expenses attributable to the Branch

The total operating expenses including staff costs incurred for both the Bank and ICBC London Branch are booked in the Bank. The Bank will receive the cost incurred by the Bank for the Branch's activities as a reimbursement for the Branch's share of total expenses.

The table below shows the breakdown of the total operating cost allocated to the Branch.

	2024 *$'000*	2023 *$'000*
Staff cost	30,444	31,845
Other operating charges	7,800	6,823
Depreciation	847	871
Reimbursement of expenses attributable to the Branch	**39,091**	**39,539**

8. Tax on profit on ordinary activities

The tax charge is made up as follows:

	2024 *$'000*	2023 *$'000*
Current tax:		
UK corporation tax	(13,831)	(8,639)
Adjustments in respect of prior years	(1,295)	35
Total current tax	**(15,126)**	**(8,604)**
Deferred tax:		
Origination and reversal of timing differences	(49)	1
Effect of tax rate change in opening balance	(3)	171
Adjustment for prior years	-	-
Total deferred tax (charge)/credit for the year	**(52)**	**172**
Total charge for the year	**(15,178)**	**(8,432)**

Notes to the Financial Statements

for the year ended 31 December 2024

Factors affecting tax charge for the year:

The tax assessed for the year is the standard rate of Corporation Tax in the UK of 25% (2023: 23.52%). The differences are explained below:

	2024 *$'000*	2023 *$'000*
Profit on ordinary activities before tax	**54,841**	**34,564**
Current tax at 25% (2023: 23.52%)	(13,710)	(8,130)
Bank Surcharge [1]	-	(363)
Difference in tax rate used for the current and deferred tax	-	(27)
Non-deductible expenses	(169)	(118)
Other adjustments	-	-
Effect of deferred tax rate change in the opening balance	(3)	171
Adjustments in respect of prior years	(1,296)	35
prior year adjustment on deferred tax	-	-
Total tax charge for the year	**(15,178)**	**(8,432)**

1. 3% on taxable profit above GBP 100 million for the tax year 2024, 8% on taxable profit above GBP 25 million for the ICBC UK Group in respect of first 3 months of 2023, and 3% on on taxable profit above GBP 100 million for the remaining 9 months of 2023.

The Bank Corporation Tax Surcharge of 8% came into effect from 1 January 2016. The government reduced the bank surcharge from 8% to 3% in April 2023. Since the Bank is a part of a banking group in the UK for Bank Surcharge purposes, the annual surcharge allowance (GBP 100 million) is allocated among the ICBC's UK banking group, in respect of 2023, GBP 25 million for the 3 months before April 2023 and GBP 100 million for the rest of 2023 and onwards.

Following the Budget 2021, corporate tax legislation has been introduced in the Finance Bill 2021 which raises the headline rate from 19% to 25% from 1 April 2023, this was substantively enacted on 10 June 2021. Further, as part of the Finance Act 2022, there was an announced reduction in the rate of bank surcharge from 8% to 3% (and an increase in the surcharge allowance from £25 million to £100 million) with effect from 1 April 2023, this was substantively enacted on 24 February 2022. These changes will impact the current tax charge for the entity in future periods. Deferred tax was calculated at 25% (2023: 25%) at 31 December 2024.

Consortium relief

There has been no consortium relief for 2024 taxation (2023: $nil).

Notes to the Financial Statements

for the year ended 31 December 2024

9. Loans and advances to banks

	2024	2023
	$'000	*$'000*
Loans and advances to banks	934,969	523,522
Less: Impairment losses (Note 11)	-	(31)
Net loans and advances to banks	**934,969**	**523,491**

The maturity profile of loans and advances to banks analysed by the remaining period as at 31 December to the contractual maturity dates is as follows:

	2024	2023
	$'000	*$'000*
- Repayable on demand	95,770	120,611
- Three months or less	839,199	343,000
- Above three months to one year	-	33,974
- Above one year to five years	-	25,937
	934,969	**523,522**

Loans and advances to banks by geographical area:

	2024	2023
	$'000	*$'000*
Area:		
China	396,556	348,183
Germany	3,033	4,772
Hong Kong	20,293	13,838
Singapore	766	673
South Africa	-	-
United Arab Emirates	-	33,974
United Kingdom	477,235	89,782
United States	37,044	32,254
Others	42	46
	934,969	**523,522**

The above table shows the breakdown of loans and advances to banks based on the country of ultimate risk (for e.g. the exposure to a branch of the bank is classified as per the location of its head office instead of the location of the branch).

Notes to the Financial Statements

for the year ended 31 December 2024

	2024	2023
	$'000	*$'000*
Amounts include:		
Due from ICBC group entities	325,262	75,421

10. Loans and advances to customers

	2024	2023
	$'000	*$'000*
Loans and advances to customers	336,385	429,636
Less: Impairment losses (Note 11)	(129)	(355)
Net loans and advances to customers	**336,256**	**429,281**

The maturity profile of loans and advances to non-bank customers analysed by the remaining period as at 31 December to the contractual maturity dates is as follows:

	2024	2023
	$'000	*$'000*
- Three months or less	11,314	20,732
- Above three months to one year	215,373	220,955
- Above one year to five years	109,698	187,949
- Above five years	-	-
	336,385	**429,636**

Loans and advances to customers by geographical area:

	2024	2023
	$'000	*$'000*
Area:		
France	-	55,175
Hong Kong	-	-
Netherlands	-	-
Nigeria	50,376	101,735
Switzerland	11,319	-
International organisation	-	-
United Kingdom	274,690	251,994
Others	-	20,732
	336,385	**429,636**

International Organisations comprises multilateral organisations such as Multilateral Development Banks.

Notes to the Financial Statements

for the year ended 31 December 2024

11. Impairment loss

The total impairment loss reversed in the Profit and Loss Account was $312k in 2024. (2023: reversed $1.18 milllion). The breakdown of impairment losses is set out below:

i. Loans and advances at amortised cost

	Loan & advances to banks	Loan & advances to customers			Total
	Stage 1	Stage 1	Stage 2	Stage 3	
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Balance at 1 January 2023	**698**	**310**	**-**	**-**	**1,008**
(Reversed)/charged during the year	(667)	42	-	-	**(625)**
FX translation gain/(loss)	-	3	-	-	**3**
Balance at 31 December 2023	**31**	**355**	**-**	**-**	**386**
Balance at 1 January 2024	**31**	**355**	**-**	**-**	**386**
(Reversed)/charged during the year	(31)	(225)	-	-	**(256)**
FX translation (loss)/gain	-	(1)	-	-	**(1)**
Balance at 31 December 2024	**-**	**129**	**-**	**-**	**129**

ii. Financial investments at amortised cost

	Stage 1	Stage 2	Stage 3	Total
	$'000	*$'000*	*$'000*	*$'000*
Balance at 1 January 2023	**512**	-	-	**512**
(Reversed)/charged during the year	(468)	-	-	**(468)**
FX translation gain/(loss)	-	-	-	-
Balance at 31 December 2023	**44**	-	-	**44**
Balance at 1 January 2024	**44**	-	-	**44**
(Reversed)/charged during the year	(42)	-	-	(42)
FX translation gain/(loss)	(0)	-	-	(0)
Balance at 31 December 2024	**2**	-	-	**2**

Notes to the Financial Statements

for the year ended 31 December 2024

iii. Financial investments at fair value through other comprehensive income(FVOCI)

	Stage 1 *$'000*	Stage 2 *$'000*	Stage 3 *$'000*	Total *$'000*
Balance at 1 January 2023	**228**	**0**	**0**	**228**
(Reversed)/charged during the year	(88)	0	0	**(88)**
FX translation gain/(loss)	0	0	0	0
Balance at 31 December 2023	**140**	**0**	**0**	**140**
Balance at 1 January 2024	**140**	**0**	**0**	**140**
(Reversed)/charged during the year	(115)	**0**	**0**	**(115)**
FX translation gain/(loss)	(1)	0	0	**(1)**
Balance at 31 December 2024	**24**	**0**	**0**	**24**

iv. Undrawn loan commitments and guarantees

	Stage 1 *$'000*	Stage 2 *$'000*	Stage 3 *$'000*	Total *$'000*
Balance at 1 January 2023	**-**	**-**	**-**	**-**
(Reversed)/charged during the year	1	0	0	1
FX translation gain	0	0	0	0
Balance at 31 December 2023	**1**	**-**	**-**	**1**
Balance at 1 January 2024	**1**	**-**	**-**	**1**
(Reversed)/charged during the year	75	**26**	**-**	101
FX translation loss	1	**-**	**-**	1
Balance at 31 December 2024	**77**	**26**	**-**	**103**

Notes to the Financial Statements

for the year ended 31 December 2024

12. Derivative financial instruments

In the following table, the fair value of a derivative financial instrument represents the positive or negative cash flows which would have occurred had the rights and obligations arising from that instrument been closed out by the Bank in an orderly market transaction at the reporting date.

Derivatives are measured at their fair value, which is calculated as the present value of future expected net contracted cash flows at market related rates at the reporting date.

	2024		2023	
	Derivatives financial assets	**Derivatives financial liabilities**	**Derivatives financial assets**	**Derivatives financial liabilities**
	$000	*$000*	*$000*	*$000*
Foreign Exchange Swap	255	-	66	-
	255	**-**	**66**	**-**

Derivatives financial assets - FX swap matures on 02.01.2025.

13. Financial investments at fair value through other comprehensive income (FVOCI)

Financial investments measured at FVOCI include investments in quoted bonds. The Bank values bonds using the quoted market price at the reporting date.

	2024	**2023**
	$'000	*$''000*
Balance at 1 January	**251,961**	**263,048**
Additions	219,200	39,789
Disposals/ Matured	(158,489)	(57,762)
Fair value adjustment	5,430	10,202
Premium/ Discount amortisation	(1,208)	(3,353)
Foreign exchange (loss)/gain	(3,718)	37
Balance at 31 December	**313,176**	**251,961**

The above fair value adjustment relates to valuation movements of the bond portofolio, the significant movement during the year is driven by unfavourable bond price movements on the back of interest rate hikes.

	2024	**2023**
	$'000	*$'000*
Analysed by maturity:		
- Due within one year	-	158,489
- Due after one year	313,176	93,472
	313,176	**251,961**

Notes to the Financial Statements
for the year ended 31 December 2024

Analysed by issuers:

- Issued by public bodies(government)	-	-
- Issued by other issuers	313,176	251,961
	313,176	**251,961**

14. Financial investments at amortised cost

	2024 *$'000*	2023 *$'000*
Balance at 1 January	**68,805**	**175,266**
Additions	27,117	28,144
Matured during the year	(68,847)	(135,080)
Premium/ Discount amortisation	3	(586)
Foreign exchange difference	57	593
Balance at 31 December	**27,179**	**68,849**
Impairment loss (Note 11)	(2)	(44)
Net balance at 31 December	**27,177**	**68,805**

Notes to the Financial Statements

for the year ended 31 December 2024

15. Tangible fixed assets

2024

	Land	Building	Office furniture and equipment	Computers	Leasehold improvement	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Original cost:						
At 1 January 2024	**2,785**	**45,485**	**2,404**	**1,980**	**1,184**	**53,838**
Additions			27	305		332
Reclassification	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
At 31 December 2024	**2,785**	**45,485**	**2,431**	**2,285**	**1,184**	**54,170**
Accumulated depreciation:						
At 1 January 2024	-	**17,841**	**2,345**	**1,799**	**1,184**	**23,169**
Depreciation for the year	-	838	34	201	-	1,073
Reversal of depreciation of the disposed assets	-	-	-	-	-	-
	-	-	-	-	-	-
At 31 December 2024		**18,679**	**2,379**	**2,000**	**1,184**	**24,242**
<u>Net book value:</u>						
At 31 December 2024	2,785	26,806	52	285	-	29,928
At 31 December 2023	**2,785**	**27,644**	**59**	**181**	**0**	**30,669**

Notes to the Financial Statements

for the year ended 31 December 2024

2023

	Land	Building	Office furniture and equipment	Computers	Leasehold improvement	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Original cost:						
At 1 January 2023	**2,785**	**45,466**	**2,381**	**1,934**	**1,184**	**53,750**
Additions	-	19	23	46	-	**88**
Reclassification	-	-	-	-	-	**-**
Disposals						
	2,785	**45,485**	**2,404**	**1,980**	**1,184**	**53,838**
At 31 December 2023						
Accumulated depreciation:						
At 1 January 2023	-	17,006	2,315	1,594	1,184	22,099
Depreciation for the year	-	835	30	205	-	1,070
Reversal of depreciation of the disposed assets	-	-	-	-	-	-
	-	17,841	2,345	1,799	1,184	23,169
At 31 December 2023						
Net book value:	2,785	27,644	59	181	-	30,669
At 31 December 2022	**2,785**	**28,460**	**66**	**340**	**-**	**31,651**

16. Intangible fixed assets

	2024	2023
	$'000	*$'000*
Original Cost:		
At 1 January	1,070	882
Additions	115	188
At 31 December	**1,185**	**1,070**
Amortisation		
At 1 January	884	720
Amortisation for the year	81	164
At 31 December	**965**	**884**
Net book value:		
At 31 December	**220**	**186**

Notes to the Financial Statements

for the year ended 31 December 2024

17. Prepayments, accrued income and other assets

	2024 $'000	2023 $'000
Accrued interest receivable	6,611	5,223
Prepayments	1,889	1,800
Other assets	7,177	**6,309**
:Of which amount owed by ICBC group undertakings	*6,773*	*5,844*
	15,677	**13,332**

18. Deferred tax assets and liabilities

	2024 $'000	2023 $'000
Deferred tax asset/(liabilities) included in the Balance Sheet comprise the following:		
Accelerated capital allowances	(1,459)	(1,416)
Other timing differences	619	1,985
	(840)	**569**
Movements in deferred tax assets/(liabilities) during the year were as follows:		
Balance at 1 January	**569**	**3,489**
Recognised in the Profit and Loss Account	(3)	170
Effect of tax rate change in opening balances recognised in P/L	-	(541)
Effect of tax rate change in opening balances recognised to Other Comprehensive Income	49	1
Recognised in Other Comprehensive Income	(1,357)	(2,550)
Balance at 31 December	**(840)**	**569**
Deferred tax asset balance at 31 December	**614**	**569**
Deferred tax liability balance at 31 December	**(1,454)**	**-**

19. Deposits by banks

	2024 $'000	2023 $'000
Repayable:		
- On demand	586,807	448,177
- Three months or less	220,519	25,494
- Above three months to one year	167,376	18,256
- Above one year to five years	-	259,604
	974,702	**751,531**

Notes to the Financial Statements

for the year ended 31 December 2024

20. Customer accounts

	2024	2023
	$'000	*$'000*
Repayable:		
- On demand	163,468	159,120
- Three months or less	2,157	71,342
- Above three months to one year	-	13,835
- Above one year	-	-
	165,625	**244,297**

21. Accruals and deferred Income

	2024	2023
	$'000	*$'000*
Accrued interest payable	3,121	5,343
	3,121	**5,343**

Accrued interest payable represents accured interest from the Bank's interest-bearing funding at the year end.

22. Share capital

	2024	2023
	$'000	*$'000*
Authorised share capital, ordinary shares of $1 each		
Balance at 31 December	**250,000**	**250,000**
Allotted, called-up and fully-paid, 200,000,000 ordinary shares of $1 each:		
Balance at 31 December	**200,000**	**200,000**

23. Provision for Liabilities

The Bank has no contingent liabilities as at the Balance Sheet date.

Notes to the Financial Statements

for the year ended 31 December 2024

24. Memorandum items – Commitments

	2024 *$'000*	2023 *$'000*
Undrawn documentary credits and short-term trade related transactions	6,602	-
Undrawn loans and advances	200,925	133,494
Balance at 31 December	**207,527**	**133,494**

The table above shows the nominal principal amounts of commitments and guarantees. They are mainly credit-related instruments which include both financial and non-financial guarantees and commitments to extend credit. Nominal principal amounts represent the amount at risk should the contract be fully drawn.

Operating lease commitments

The Bank had no commitments under non-cancellable operating leases at the reporting date (2023: $nil).

25. Related Parties

Ultimate Controlling Company

The Bank is a wholly-owned subsidiary of the ultimate parent Industrial and Commercial Bank of China Limited which is incorporated in China, into which the smallest and largest group Financial Statements of the Bank are consolidated. The registered office of the ultimate parent is 55, Fuxingmennei Dajie, Beijing, 100140, China and copies of the group Financial Statements are available at this address (http://www.icbc-ltd.com/ICBCLtd/en).

Outstanding balance of related party transactions

As per section 33.1A of FRS 102, the outstanding balance of transactions with related parties not wholly-owned by ICBC group is disclosed below:

	2024 *$'000*	2023 *$'000*
Balance sheet		
Assets		
Loans and advances to banks	300	1
Prepayments, accrued income and other assets	-	-
Derivative financial Instruments	255	66
Liabilities		
Derivative financial Instruments	-	-
Deposits by banks	647	445
Other liabilities	-	-
Notional amount of derivatives outstanding	-	-

Notes to the Financial Statements

for the year ended 31 December 2024

Profit and loss account		
Interest receivable	-	2,921
Fees and commissions receivable	2	2
Dealing profits/(losses)	190	66
Impairment allowance (release)/charge	-	655

The above transactions were entered in the ordinary course of business with the following group entities:

i. ICBC Standard Bank Plc, 60%-owned subsidiary of Industrial and Commercial Bank of China Limited.

ii. Industrial and Commercial Bank of China (Turkey) Limited, 92.84%-owned subsidiary of Industrial and Commercial Bank of China Limited.

iii. Industrial and Commercial Bank of China (Canada) Limited, 80%-owned subsidiary of Industrial and Commercial Bank of China Limited.

iv. Standard Bank Group Limited SA, 20.06%-owned associate of Industrial and Commercial Bank of China Limited.

v. Sky High Li Leasing Designated Activity Company (Fully owned by Industrial and Commercial Bank of China (Thai) PCL, 97.98%-owned subsidiary of Industrial and Commercial Bank of China Limited)

26. Fair values of financial instruments

Fair value hierarchy

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 – quoted prices in active markets for identical assets or liabilities.

The fair value of financial investments measured at fair value through other comprehensive income are based on bid prices at the reporting date.

Level 2 – other techniques for which all inputs which have a significant effect on the recorded fair value are observable either directly or indirectly.

Derivatives financial instruments fall under the Level 2 hierarchy. Derivatives valued using a valuation technique with market observable inputs are mainly interest rate swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

Level 3 – techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Notes to the Financial Statements

for the year ended 31 December 2024

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy.

2024	Level 1	Level 2	Level 3	Total
	$'000	*$'000*	*$'000*	*$'000*
Financial assets at FVTPL[1]	-	255	-	255
Financial investments at FVOCI:				
Other debt securities	313,176	-	-	**313,176**
	313,176	**255**	**-**	**313,431**

2023	Level 1	Level 2	Level 3	Total
	$'000	*$'000*	*$'000*	*$'000*
Financial assets at FVTPL[2]	-	66	-	66
Financial investments at FVOCI:				
Other debt securities	251,961	-	-	**251,961**
	251,961	66	-	252,027

Analysis of financial assets and liabilities by measurement basis

Financial assets and financial liabilities are measured on an on-going basis either at fair value or at amortised cost.

The following table analyses the carrying amounts of the financial assets and liabilities by category as defined in the Bank's accounting policies and by balance sheet heading.

2024

	Fair value through profit or loss	Fair value through other comprehensive income	Financial assets and liabilities at amortised cost	Total
	$'000	*$'000*	*$'000*	*$'000*
Assets				
Cash and balances at central banks	-	-	43,857	43,857
Loans and advances to banks	-	-	934,969	934,969
Loans and advances to customers	-	-	336,256	336,256
Derivative financial instruments	255	-	-	255
Financial Investments at FVOCI	-	313,176	-	313,176

[1] FX swap

[2] FX swap

Notes to the Financial Statements

for the year ended 31 December 2024

Financial investments at amortised cost	-	-	27,177	27,177
Total assets	**255**	313,176	**1,342,259**	**1,655,690**
Liabilities				
Deposits by banks	-	-	974,702	974,702
Customer accounts	-	-	165,625	165,625
Derivative financial instruments	-	-	-	-
Total liabilities	-	-	**1,140,327**	**1,140,327**

2023

	Fair value through profit and loss	Fair value through other comprehensive income	Financial assets and liabilities at amortised cost	Total
	$'000	*$'000*	*$'000*	*$'000*
Assets				
Cash and balances at central banks	-	-	196,360	**196,360**
Loans and advances to banks	-	-	523,491	**523,491**
Loans and advances to customers	-	-	429,281	**429,281**
Derivative financial instruments	66	-	-	**66**
Financial Investments at FVOCI	-	251,961	-	**251,961**
Financial investments at amortised cost	-	-	68,805	**68,805**
Total assets	**66**	**251,961**	**1,217,937**	**1,469,964**
Liabilities				
Deposits by banks	-	-	751,531	**751,531**
Customer accounts	-	-	244,297	**244,297**
Derivative financial instruments	-	-	-	**-**
Total liabilities	-	-	**995,828**	**995,828**

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27. Cash and cash equivalents

	2024	2023
	$'000	*$'000*
Cash balance	-	56
Balance with central bank	43,857	196,304
Balances with other banks	95,770	120,611
	139,627	**316,971**

Balances with other banks represents cash in Nostro accounts held by the Bank that are payable on demand or with an original maturity of no more than three months, this amount is reported under the "Loans and advances to banks" in the Balance Sheet.

28. Risk management

The Board has ultimate responsibility for setting the Bank's strategy, risk appetite and control framework; and measures performance against targets. To assist it in discharging these responsibilities, the Board has established a number of sub-committees governed by clear terms of reference. The principal Board-level sub-committees are the Audit Committee, Risk and Compliance Committee and Remuneration Committee. At the Executive-level there are five committees concerned with risk management issues: Executive Committee, Asset and Liability Committee, Credit Committee, Information Technology Steering Committee and Financial Crime Risk Committee.

The Bank has established and maintained an Enterprise Risk Management framework to ensure that the risks undertaken are managed within the Bank's risk appetite. The principles of risk management include a balance of risks and returns, and internal checks and balances with regards to efficiency, risk diversification, and a combination of quantitative and qualitative analysis.

Risk mitigation

The major financial risks faced by the Bank include credit risk, liquidity and funding risk, market risk, operational risk and climate risk.

Policies and procedures are written in order to maintain consistency with the Bank's approach to the management of these risks. Employees are instructed to operate within the guidelines set out in Bank-wide policies and their own departmental procedures. The Compliance and Legal, Credit Risk Management, and Risk and ALM Departments periodically carry out reviews to assess compliance. The Internal Audit Department, as the third line of defence, undertakes independent, risk-based reviews on the implementation and effectiveness of risk controls.

As part of its Enterprise Risk Management, the Bank sets limits to control risk exposures. In setting risk limits, the Bank takes all material risks into account, including those arising from off-balance sheet transactions, as well as ensuring these are consistent with the Bank's obligation to maintain the risks within the constraints of both explicit and implicit capital and liquidity regulations.

29. Credit risk

Credit risk exposes the Bank to losses due to financial or other problems experienced by its clients. Credit risk is defined as the risk arising from an obligor's (typically a company, financial institution or issuer of financial

Notes to the Financial Statements

for the year ended 31 December 2024

instrument) failure to meet the terms of any agreement and obligations. Credit risk arises when funds are extended, committed, invested or otherwise exposed through contractual agreements, whether reflected on-or off-balance sheet. Credit and counterparty risk arises primarily from three types of transactions:

- Lending transactions through loans and advances to banks and customers creates the risk that an obligor will be unable or unwilling to repay capital and/or interest on loans and advances granted to them.
- Issuer risk on financial instruments where payments due from the issuer of a financial instrument will not be received.
- Trading transactions, giving rise to settlement risk; this refers mainly to short-term trade finance transactions.

Credit risks can be impacted by country risk where cross-border transactions are undertaken. This can include geopolitical risks, transfer and convertibility risks, sanctions imposed on sovereigns and the impact on the borrower's credit profile due to local economic and political conditions.

Fundamental principles used by the Bank in the management and measurement of Credit risk exposes the Bank to losses due to financial or other problems experienced by its clients. Credit risk is defined as the risk arising from an obligor's (typically a company, financial institution or issuer of financial instrument) failure to meet the terms of any agreement and obligations. Credit risk arises when funds are extended, committed, invested or otherwise exposed through contractual agreements, whether reflected on-or off-balance sheet. Credit and counterparty risk arises primarily from three types of transactions:

- Lending transactions through loans and advances to banks and customers creates the risk that an obligor will be unable or unwilling to repay capital and/or interest on loans and advances granted to them.
- Issuer risk on financial instruments where payments due from the issuer of a financial instrument will not be received.
- Trading transactions, giving rise to settlement risk; this refers mainly to short-term trade finance transactions.

Credit risks can be impacted by country risk where cross-border transactions are undertaken. This can include geopolitical risks, transfer and convertibility risks, sanctions imposed on sovereigns and the impact on the borrower's credit profile due to local economic and political conditions.

Fundamental principles used by the Bank in the management and measurement of credit risk are:

- A clear view of the target market.
- Use of quantitative and qualitative methods to assess counterparty credit worthiness.
- Analysis and monitoring of risks, including concentration risk by asset class, industry, and geography.
- Post-lending management involving monitoring and review of exposures once facilities have been disbursed.

The Bank places great emphasis on credit risk management and recognises it as a key risk in its risk limit management policy, therefore the objective is to avoid and minimise losses. Credit analysis is performed on all new and existing counterparties and related exposures in order to assess each counterparty's risk profile and their ability to repay. Counterparty credit risk is assessed using quantitative and qualitative analysis, as articulated in the Bank's Credit Limit Management Policy, Credit Risk Policy Manual and other documents related to management of credit risks. Assessment of the clients includes consideration of their character and integrity, core competencies, track record and financial strength. A strong emphasis is placed on the historic and on-going stability of income and cash flow streams generated by the clients together with stress tested forecasting for some longer term exposures. The primary assessment method is therefore the ability of the client to meet their payment obligations. It is the Bank's policy that credit limits for counterparties, with accompanying credit analysis, are reviewed at least annually. Exposures are monitored and controlled against limits set and approved for individual counterparties. The Bank's credit risk policy and limit management policy include establishing industry sector limits, country limits and regulatory limits in addition to counterparty limits.

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Governance and oversight

The Bank has comprehensive policies and procedures in place to manage and monitor credit risk, both for pre-approval and post lending management stages. This section provides a very high-level overview of the process including the oversight for ECL assumptions.

The overall risk appetite is ultimately determined by the Board.

The Bank has country limits, sectorial limits, rating limits, duration limits and specific counterparty limits in place and loans cannot be approved if they do not fall within these limits (on occasion exceptions can be granted and a formal procedure is in place for this). In addition to these overriding limits, specific sectors also have sub-limits which are reviewed annually.

The process to bring a proposal to Credit Committee (CC) is formalised and comprehensive. The application is done in the form of approved templates to ensure that all required information is provided, which include but is not limited to a full analysis of all material risks, financial information, stress testing, sector information, margin requirements, historic data, forward looking plans, assessment of management competency, liquidity analysis etc. This includes a risk adjusted return assessment which incorporates an ECL projection.

On ECL specifically, the Bank uses a third-party supplier to provide it with a range (base, upside and downside) of macro-economic scenarios and resultant data, which are updated on a quarterly basis. This data is applied to the impairment model and outputs are presented to the Credit Committee for review and ultimately approved by the Bank's Chief Financial Officer (CFO). An analysis of major changes and the reasons for material movement in ECL numbers is provided by the Bank's Credit Risk Department.

The Credit Committee of the Bank approves the criteria for an asset to move from stage 1 to stage 2 (this includes the definition of significant increase in credit risk) or stage 2 to 3. Where the criteria are met an asset would automatically be transferred, but even where this is not the case the Credit Risk Department (or any member of the Credit Committee) could propose that an asset is moved into stage 2 or 3 based on evidence of credit deterioration. The Deputy General Manager in charge of Credit Risk acts as the Chair of the Credit Committee, while CFO ensures that decisions of the Committee are in line with relevant accounting standards.

The Bank uses independent resource to validate the model periodically.

Credit risk grading methodology

The Bank uses both the internal credit rating, developed by Industrial and Commercial Bank of China Limited "the Parent Bank" and the external credit rating of counterparties assessed by the nominated credit rating agencies, namely Standard & Poor's, Moody's and Fitch, in order to analyse credit risks, to classify and monitor assets denoting strengths and weaknesses in the loan portfolio of the Bank. The credit rating also assists in defining the asset quality of the loan portfolio of the Bank and detects any deterioration in the quality of assets and tracks migration of risks.

The internal rating is based on similar concept of probability of default which underpins the external rating agencies' principles. The rating model of the Parent Bank is based on quantitative and qualitative assessment of a corporate customer. The quantitative assessment takes into consideration earnings, profitability, profit margins, EBITDA, interest coverage measures, accounting quality and disclosure of information, cash flow and liquidity, capital and debt structure, solvency etc. The qualitative assessment includes industry environment, the entity's market share and position and competitive strengths and weaknesses, diversification by products and geography, strategy and management, corporate governance, complexity and/or simplicity of organizational structure.

The Master Scale rating model of the Parent Bank is mapped to the external credit rating agencies scales starting with the highest rating of AAA/Aaa to the lowest rating of D (default) with PD (probability of default) range of lower and upper limits and average PD limit for each rating. If a corporate or financial institution has an external rating, the Bank can map the external rating to the Master Scale to classify the asset.

The credit grading system covers both on-and off balance sheet exposures as shown in the tables below in relation to loans to banks, customers and undrawn commitments and guarantees.

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The Bank does not undertake lending to retail customers and SME's.

Credit quality analysis

The Bank has a high-quality portfolio of assets from a credit risk perspective. The Bank has no non-performing loans, almost one fifth of credit exposures are on investment grade bond investments, a majority of assets have a short remaining maturity and 76.14% of all assets are investment grade or above. In addition, the Bank has a relatively low provision coverage ratio on an IFRS 9 modelling basis. The breakdown of the Bank's gross credit exposures includes loans to banks, loans to customers, bond investments and off balance sheet commitment and guarantees. Almost 19% of the gross credit exposures is in the form of bond investments, most of which are high-quality liquid assets (HQLA) in accordance with Capital Requirement Regulations (CRR). A relatively small proportion of bond exposures are to investment grade corporates that do not form part of the Bank's HQLA portfolio.

Asset quality analysis

The Bank's assets and credit exposures are categorised into 21 risk brand categories. The 21 rating bands in the table below are mapped to our Parent Bank's internal rating model which in turn is mapped to the external credit rating agencies scales with the highest rating of AAA/Aaa to the lowest rating of D(default) with probability of default range of lower and upper limits and average PD limit for each rating. The methodology and criteria used by the external accredit agencies underpin the credit rating system of ICBC London plc and that of our Parent Bank. The rank ordering of default likelihood is the cornerstone of the credit rating system as we associate higher rating category with the ability to withstand more stressful economic environments without defaulting. Conversely, we associate counterparties in lower categories with vulnerability and most likely to default. From a credit perspective, we have adopted the rating criteria and definitions of credit ratings and rankings of S&P, Moody's and Fitch and benchmark them with our Head Office internal rating to distinguish between the strongest to the most vulnerable and speculative issuer or debtor in our books. Our Head Office Master Scale 12 categories are mapped to the external credit ratings of Standard &Poor's, Moody's and Fitch.

RB1 rating is equivalent to external credit rating agencies' scales of AAA/Aaa denoting high quality of assets with low PD and category RB12 equates to default grade D of the external credit rating agencies. Customers in the risk band RB4 is equivalent to our internal rating of AA- which in turn is mapped to external credit rating agencies' ratings of BB+/Ba1 which is our tolerance level in terms of asset quality. The following tables contain an analysis of the credit quality of the financial instruments for which an expected credit loss is recognised. The gross carrying amount of financial assets below also represents the Bank's maximum exposure to credit risk on these assets.

ICBC plc total 2024	Stage 1		Stage 2		Stage 3		Total	
PD Range	Financial assets $'000	ECL $'000	Financial assets $'000	ECL $'000	Financial assets $'000	ECL $'000	Financial assets $'000	ECL $'000
Loans and advances to banks								
RB1	934,669	-	-	-	-	-	934,669	-
RB2	300	-	-	-	-	-	300	-
RB3	-	-	-	-	-	-	-	-
RB4	-	-	-	-	-	-	-	-
RB5	-	-	-	-	-	-	-	-
RB6	-	-	-	-	-	-	-	-
RB7	-	-	-	-	-	-	-	-
RB8	-	-	-	-	-	-	-	-
RB9	-	-	-	-	-	-	-	-
RB10	-	-	-	-	-	-	-	-
RB11	-	-	-	-	-	-	-	-
RB12	-	-	-	-	-	-	-	-
Total loans and advances to banks	934,969	-	-	-	-	-	934,969	-
ECL coverage wholesale	0.00%	-	-	-	-	-	0.00%	-
Loans and advances to customers								
RB1	11,319	1	-	-	-	-	11,319	1
RB2	57,092	47	-	-	-	-	57,092	47
RB3	219,208	1	(13)	-	-	-	219,195	1

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RB4	48,780	81	-	-	-	-	48,780	81
RB5	-	-	-	-	-	-	-	-
RB6	-	-	-	-	-	-	-	-
RB7	-	-	-	-	-	-	-	-
RB8	-	-	-	-	-	-	-	-
RB9	-	-	-	-	-	-	-	-
RB10	-	-	-	-	-	-	-	-
RB11	-	-	-	-	-	-	-	-
RB12	-	-	-	-	-	-	-	-
Total loans and advances to customers	336,399	130	(13)	-	-	-	336,386	130
ECL coverage wholesale	0.04%	-	-	-	-	-	0.04%	-
Financial investments at amortised cost								
RB1	27,178	1	-	-	-	-	27,178	1
RB2	-	-	-	-	-	-	-	-
RB3	-	-	-	-	-	-	-	-
RB4	-	-	-	-	-	-	-	-
RB5	-	-	-	-	-	-	-	-
RB6	-	-	-	-	-	-	-	-
RB7	-	-	-	-	-	-	-	-
RB8	-	-	-	-	-	-	-	-
RB9	-	-	-	-	-	-	-	-
RB10	-	-	-	-	-	-	-	-
RB11	-	-	-	-	-	-	-	-
RB12	-	-	-	-	-	-	-	-
Total financial investments at amortised cost	27,178	1	-	-	-	-	27,178	1
ECL coverage wholesale	0.00%	-	-	-	-	-	0.00%	-
Financial investments at FVOCI								
RB1	286,964	15	-	-	-	-	286,964	15
RB2	20,280	8	-	-	-	-	20,280	8
RB3	5,933	2	-	-	-	-	5,933	2
RB4	-	-	-	-	-	-	-	-
RB5	-	-	-	-	-	-	-	-
RB6	-	-	-	-	-	-	-	-
RB7	-	-	-	-	-	-	-	-
RB8	-	-	-	-	-	-	-	-
RB9	-	-	-	-	-	-	-	-
RB10	-	-	-	-	-	-	-	-
RB11	-	-	-	-	-	-	-	-
RB12	-	-	-	-	-	-	-	-
Total financial investments at FVOCI	313,177	25	-	-	-	-	313,177	25
ECL coverage wholesale	0.01%	-	-	-	-	-	0.01%	-
Undrawn commitments and guarantees								
RB1	-	-	-	-	-	-	-	-
RB2	-	-	-	-	-	-	-	-
RB3	31,326	4	-	-	-	-	31,326	4
RB4	100,000	70	62,653	26	-	-	162,653	96
RB5	13,549	2	-	-	-	-	13,539	2
RB6	-	-	-	-	-	-	-	-
RB7	-	-	-	-	-	-	-	-
RB8	-	-	-	-	-	-	-	-
RB9	-	-	-	-	-	-	-	-
RB10	-	-	-	-	-	-	-	-
RB11	-	-	-	-	-	-	-	-
RB12	-	-	-	-	-	-	-	-
Total undrawn commitments and guarantees	144,875	76	62,653	26	-	-	207,528	102
ECL coverage wholesale	0.050%	-	-	-	-	-	-	-

ICBC plc total 2023	**Stage 1**		**Stage 2**		**Stage 3**		**Total**	
PD Range	Financial assets $'000	ECL $'000	Financial assets $'000	ECL $'000	Financial assets $'000	ECL $'000	Financial assets $'000	ECL $'000
Loans and advances to banks								
RB1	463,610	-	-	-	-	-	463,610	-
RB2	59,912	31	-	-	-	-	59,912	31
RB3	-	-	-	-	-	-	-	-

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RB4	-	-	-	-	-	-	-	-
RB5	-	-	-	-	-	-	-	-
RB6	-	-	-	-	-	-	-	-
RB7	-	-	-	-	-	-	-	-
RB8	-	-	-	-	-	-	-	-
RB9	-	-	-	-	-	-	-	-
RB10	-	-	-	-	-	-	-	-
RB11	-	-	-	-	-	-	-	-
RB12	-	-	-	-	-	-	-	-
Total loans and advances to banks	523,522	31	-	-	-	-	523,522	31
ECL coverage wholesale	0.01%	-	-	-	-	-	0.01%	-
Loans and advances to customers								
RB1	(56)	-	-	-	-	-	(56)	-
RB2	101,537	269	-	-	-	-	101,537	269
RB3	75,907	81	-	-	-	-	75,907	81
RB4	29,389	3	-	-	-	-	29,389	3
RB5	222,859	2	-	-	-	-	222,859	2
RB6	-	-	-	-	-	-	-	-
RB7	-	-	-	-	-	-	-	-
RB8	-	-	-	-	-	-	-	-
RB9	-	-	-	-	-	-	-	-
RB10	-	-	-	-	-	-	-	-
RB11	-	-	-	-	-	-	-	-
RB12	-	-	-	-	-	-	-	-
Total loans and advances to customers	429,636	355	-	-	-	-	429,636	355
ECL coverage wholesale	0.08%	-	-	-	-	-	0.08%	-
Financial investments at amortised cost								
RB1	68,849	44	-	-	-	-	68,849	44
RB2	-	-	-	-	-	-	-	-
RB3	-	-	-	-	-	-	-	-
RB4	-	-	-	-	-	-	-	-
RB5	-	-	-	-	-	-	-	-
RB6	-	-	-	-	-	-	-	-
RB7	-	-	-	-	-	-	-	-
RB8	-	-	-	-	-	-	-	-
RB9	-	-	-	-	-	-	-	-
RB10	-	-	-	-	-	-	-	-
RB11	-	-	-	-	-	-	-	-
RB12	-	-	-	-	-	-	-	-
Total financial investments at amortised cost	68,849	44	-	-	-	-	68,849	44
ECL coverage wholesale	0.06%		-	-	-	-	0.06%	
Financial investments at FVOCI								
RB1	195,290	88	-	-	-	-	195,290	88
RB2	35,385	1	-	-	-	-	35,385	1
RB3	11,330	16	-	-	-	-	11,330	16
RB4	9,956	35	-	-	-	-	9,956	35
RB5	-	-	-	-	-	-	-	-
RB6	-	-	-	-	-	-	-	-
RB7	-	-	-	-	-	-	-	-
RB8	-	-	-	-	-	-	-	-
RB9	-	-	-	-	-	-	-	-
RB10	-	-	-	-	-	-	-	-
RB11	-	-	-	-	-	-	-	-
RB12	-	-	-	-	-	-	-	-
Total financial investments at FVOCI	251,961	140	-	-	-	-	251,961	140
ECL coverage wholesale	0.06%	-	-	-	-	-	0.06%	-
Undrawn commitments and guarantees								
RB1	63,735	1	-	-	-	-	63,735	1
RB2	31,868	-	-	-	-	-	31,868	-
RB3	-	-	-	-	-	-	-	-
RB4	37,891	-	-	-	-	-	37,891	-
RB5	-	-	-	-	-	-	-	-
RB6	-	-	-	-	-	-	-	-
RB7	-	-	-	-	-	-	-	-

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RB8	-	-	-	-	-	-	-	-
RB9	-	-	-	-	-	-	-	-
RB10	-	-	-	-	-	-	-	-
RB11	-	-	-	-	-	-	-	-
RB12	-	-	-	-	-	-	-	-
Total undrawn commitments and guarantees	133,494	1	-	-	-	-	133,494	1
ECL coverage wholesale	0.001%		-	-	-	-	0.001%	

Purchased or originated credit-impaired financial assets

The purchased or originated credit-impaired financial assets was $nil in 2024 (2023: $nil).

Impairment of financial assets

The impairment of financial assets is assessed on a periodic basis as per the Bank's impairment policy. The measurement of expected loss will involve increased complexity and judgement including estimation of Probability of Default (PD), Loss Given Default (LGD), a range of unbiased future economic scenarios, estimation of expected lives, estimation of exposures at default and assessing increases in credit risk. In addition, loan-to-value (LTV) is an important indicator for commercial real estate (CRE) assets.

The impairment loss is calculated using 12 month PD for the financial assets in Stage 1 and the life time PD is used to calculate for the calculation of impairment for the financial assets in Stage 2.

The table below provides brief highlights of these indicators for 2024:

	2024			2023		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Average LGD	17.46%	29.79%	-	19.89%	-	-
Average 12 month PD	0.14%	0.33%	-	0.32%	-	-
Average lifetime PD	-	-	-	-	-	-
Average Loan to Value ratio(LTV ratio) (Commercial Real Estate loans only)	69.67%	-	-	69.77%	-	-

The accounting policies 1.8.1.2(Page 33) outline the detail accounting policies for the impairment of financial assets.

Significant increase in credit risk (SICR)

The Bank considers reasonable and supportable information that is relevant and available without undue cost or effort when determining whether the risk of default has increased significantly since the initial recognition.

This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and expert credit assessment and including forward-looking information.

The Bank defines the following criteria in its "Watch list" policy in order to determine whether there has been a significant increase in the credit risk:

A counterparty may be put on the watchlist if one of the following criteria being met:

- Overdue payments of principal and/or interest, excluding delays caused by technical issues such as holidays, delays on the part of the agent Bank. This event remains the single mandatory watchlist criteria.
- A breach of financial covenants.
- Extension of a loan where the counterparty is unable to repay at maturity but in all other respects is compliant. Delay in refinancing is the most likely reason.
- Financial statements contain material misstatements, omissions or are qualified.
- Sanctioned entities by UK/US/EU/China.

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- A counterparty where we have been informed has defaulted on loans with other banks.
- The counterparty is involved in major litigation; the operation of its major units suspended; its senior executive under investigation for law violation.
- The host country/region in which a significant proportion of a counterparty's operating assets are located is undergoing significant adverse changes in politics, the economy, revocation of licenses, financial and foreign exchange regulation, any of which may adversely affect the counterparty's ability to fulfil its repayment obligations under the credit agreement.
- Collateral lost or devalued by 20% swiftly without any collateral top-up provided will trigger a review of staging if it is related to project finance or income producing real estate.
- Significant cost/construction time overrun for project financing.
- Two consecutive years of loss due to poor operating performance.
- Two consecutive years without presenting audited accounts.
- Any counterparty engaging in mining and/or trading bulk commodities such as iron ore, coal, copper, oil etc and has incurred an exceptionally large loss in the current accounting period.
- A counterparty relying on a guarantee in a different currency to the underlying exposure and fails to increase the guarantee in a timely manner should there be an unfavourable currency movement.
- A counterparty with large off-balance sheet contingent liabilities that have either crystalised or are where there is a high chance they will crystalise.
- A trading counterparty suspected of trading with false documentation.
- A counterparty subject sanction from regulatory bodies following an inspection.
- A 2 notch downgrade by any of the external rating agencies or 1 notch if this takes the counterparty from investment grade to non-investment grade.
- For those counterparties not subject to an external rating a 3 notch downgrade in the GCMS generated rating.
- Any other matter warranting discussion at credit committee.

Impairment loss

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent “step up” (or “step down”) between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.
- Impact on the measurement of ECL due to changes in other factors such as:
  - Changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
  - Changes made to models and assumptions;
  - Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis
  - Foreign exchange retranslations for assets denominated in foreign currencies and other movements.

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

ICBC plc total 2024	Stage 1 Financial assets $’000	ECL $’000	Stage 2 Financial assets $’000	ECL $’000	Stage 3 Financial assets $’000	ECL $’000	Total Financial assets $’000	ECL $’000
At 1 January 2024	1,407,462	571	-	-	-	-	1,407,462	571
Transfers from Stage 1 to Stage 2	-	-	-	-	-	-	-	-
Transfers from Stage 2 to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-

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Transfers from Stage 3	-	-	-	-	-	-	-	-
Net re-measurement of ECL on stage transfer	-	-	-	-	-	-	-	-
Changes in risk parameters (model inputs)	-	299	-	-	-	-	-	299
Changes in net exposure	356,154	(611)	63,722	-	-	-	419,876	(611)
Other (P&L only items)	-	-	-	-	-	-	-	-
Amount written-off	-	-	-	-	-	-	-	-
Foreign exchange	(7,017)	(27)	(1,083)	26	-	-	(8,100)	(1)
Other ECL movements	-	-	-	-	-	-	-	-
At 31 December 2024	1,765,599	232	62,639	26	-	-	1,819,238	258
Net carrying amount	1,756,367	-	62,613	-	-	-	1,818,980	-
Profit and loss account ECL charge	-	-	-	-	-	-	-	-

ICBC plc total 2023	**Stage 1** Financial assets $'000	ECL $'000	**Stage 2** Financial assets $'000	ECL $'000	**Stage 3** Financial assets $'000	ECL $'000	**Total** Financial assets $'000	ECL $'000
At 1 January 2023	1,500,794	1,748	-	-	-	-	1,500,794	1,748
Transfers from Stage 1 to Stage 2	-	-	-	-	-	-	-	-
Transfers from Stage 2 to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-
Transfers from Stage 3	-	-	-	-	-	-	-	-
Net re-measurement of ECL on stage transfer	-	-	-	-	-	-	-	-
Changes in risk parameters (model inputs)	-	508	-	-	-	-	-	508
Changes in net exposure	-111,425	-1,688	-	-	-	-	-111,425	-1,688
Other (P&L only items)	-	-	-	-	-	-	-	-
Amount written-off	-	-	-	-	-	-	-	-
Foreign exchange	18,093	3	-	-	-	-	18,093	3
Other ECL movements	-	-	-	-	-	-	-	-
At 31 December 2023	1,407,462	571	-	-	-	-	1,407,462	571
Net carrying amount	1,406,891		-		-		1,406,891	
Profit and loss account ECL release		-		-		-		-

During 2024, ECL decreased 55% (2023: decreased 67%) to $258k (2023: $571k) as a result of an improving macro-economic situation. Exposures to commericial real estate decreased from $223m in 2023 to $219m by end of December 2024. The Bank has no stage 3 credit exposure by the end of the year and one stage 2 for an undrawn committed amount of $63m.

Collateral held and other credit enhancements

With the exception of commercial real estate, the majority of the Bank's credit exposures are unsecured, including syndicated lending facilities, trade finance and interbank lending. Consequently, the Bank has put in place a stringent credit assessment process to consider counterparties' creditworthiness.

Collateral provides additional security and assists recovery of loans in the event of default and the Bank takes collateral whenever it is required. It is a requirement that the valuation of collateral is updated on a regular basis and more so when credit risk deteriorates significantly and the customer is monitored more closely.

The Bank considers credit risk mitigation techniques as part of the credit assessment of a potential client or business proposal. Credit risk mitigants include any collateral item over which the Bank has a pledge of security, first charge on property, netting agreements, cash, or terms and conditions imposed on a borrower with the aim of reducing the credit risk inherent to that transaction.

Notes to the Financial Statements

for the year ended 31 December 2024

Commercial real estate lending activities in the UK are collateralised by first registered mortgages or charges over property being financed. The following characteristics of the property are considered: the type of property, its location, tenant mix, sponsor and the ease with which the property could be re-let and/or re-sold. Commercial real estate lending generally takes the form of good quality property underpinned by strong third party leases. Commercial property valuations will continue to form part of the Bank's on-going focus on collateral assessment. It is the Bank's policy to obtain a formal valuation before advancing funds.

The Bank's total exposures to commercial real estate was $220 million as at 31 December 2024 (2023: $223 million). This refers to our direct lending to commercial real estate customer where the Bank holds a first registered mortgage collateral on the property being financed. Quality of collateral is important but the primary consideration in all commercial real estate deals is debt serviceability, which is stress-tested across various dimensions. The Bank reviews the revaluation of collateral periodically. Loan-to-value (LTV) ratio, interest cover ratio (ICR) debt service coverage ratio (DSCR) and, in the case of refinancing, EPC ratings are the main parameters set to assess risks in commercial real estate lending.

The gross maximum exposure to credit risk was $1,826 million as at 31 December 2024 (2023: $1,406 million) without taking account of any collateral held or other credit enhancements.

The value of the collateral included in the calculation of the ECL was $316 million in 2024 (2023: $317 million).

CRE Portfolio as of 31 December 2024 in USD	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount $'000	ECL $'000	Gross carrying amount $'000	ECL $'000	Gross carrying amount $'000	ECL $'000	Gross carrying amount $'000	ECL $'000
< 50%	-	-	-	-	-	-	-	-
≥50% and < 60%	-	-	-	-	-	-	-	-
≥60% and < 70%	131,570	-	-	-	-	-	131,570	-
≥70% and < 80%	87,714	1	-	-	-	-	87,714	1
≥80% and < 90%	-	-	-	-	-	-	-	-
Total	219,284	1	-	-	-	-	219,284	1

Collateral held on loans and advances as of 31 December 2024

Sector	Gross carrying amount			Collateral			Net exposure		
	Stage 1 $'000	Stage 2 $'000	Total $'000	Stage 1 $'000	Stage 2 $'000	Total $'000	Stage 1 $'000	Stage 2 $'000	Total $'000
Real Estate	219,284	-	219,284	318,816	-	318,816	-	-	-
Total	219,284	-	219,284	318,816	-	318,816	-	-	-

CRE Portfolio as of 31 December 2023 in USD	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount $'000	ECL $'000	Gross carrying amount $'000	ECL $'000	Gross carrying amount $'000	ECL $'000	Gross carrying amount $'000	ECL $'000
< 50%	-	-	-	-	-	-	-	-
≥50% and < 60%	-	-	-	-	-	-	-	-
≥60% and < 70%	133,844	-	-	-	-	-	133,844	-
≥70% and < 80%	89,229	1	-	-	-	-	89,229	1
≥80% and < 90%	-	-	-	-	-	-	-	-

Notes to the Financial Statements

for the year ended 31 December 2024

Total	223,073	1	-	-	-	-	223,073	1

Collateral held on loans and advances as of 31 December 2023

Sector	Gross carrying amount			Collateral			Net exposure		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Real Estate	223,073	-	223,073	317,466	-	317,466	-	-	-
Total	223,073	-	223,073	317,466	-	317,466	-	-	-

Forward looking information

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

The economic assumptions in the Bank's models are derived from a range of scenarios provided to the Bank by an independent specialist. The Senior Management has selected the most relevant scenarios to our business model and exposure types. All economic indicators used are internally reviewed by the Credit Risk Department for their reasonableness. The economic forecasts cover four future years, which is one year beyond the Bank's three-year planning horizon. Data for the additional year is assessed against the data at the end of our planning horizon to ensure that the future trend look reasonable when compared to the trend established in our planning horizon. In addition to this trend analysis, the Bank is also provided with qualitative data explaining the rationale behind each indicator used.

Based on the Bank's asset portfolio these indicators incorporate data from four main regions: the UK, EU, US and China. Amongst the indicators used are unemployment forecasts, GDP projections, inflation, exchange rates etc.

The Bank formulates three economic scenarios: a base case, an upside and a downside scenario.

While measuring ECL, the Bank applies scenario probability weighting as below:

	2024			2023		
	Base	**Upside**	**Downside**	**Base**	**Upside**	**Downside**
Scenario probability weighting	40%	30%	30%	40%	30%	30%

If the Bank assesses that these weightings need to be adjusted, the Senior Management needs to approve this and will do so after consultation with the Bank's credit risk specialists.

The Bank's loan portfolio is sufficiently small to allow an individual assessment of counterparties and, in particular, those names classified at Stage 2.

The tables below illustrate some of the more significant inputs under all three scenarios. The most significant change in the central scenario compared to the previous period was in GDP and unemployment growth (especially in the UK, US and global regions) on the back of the economic activity recovery from pandemic.

Economic scenarios inputs for Asset class 31.12.2024

Regions	**UK**					**EU**		**US**		**China**
Economic Parameters	Inflation Rate %	QGDP growth %	HPI increase %	Unemployment %	STInterest %	GDP Increase %	Interest EU %	HPI increase USA %	GDP Increase %	GDP Increase %
Base Case Scenario economic parameters										
5 year average increase	0.55	0.43	0.62	3.08	4.52	3.51	2.89	2.08	4.32	4.32
Cumulative growth to peak	0.00	0.00	0.01	0.00	0.01	0.55	0.42	0.27	0.69	0.65
Upside Scenario economic parameters										
5 year average increase	0.55	0.62	1.00	3.18	3.86	4.15	3.11	3.88	4.87	5.19

Notes to the Financial Statements

for the year ended 31 December 2024

Cumulative growth to peak	0.00	0.01	0.05	0.00	0.00	0.63	0.46	0.61	0.80	0.81
Downside Scenario economic parameters										
5 Year Average increase/(decrease)	0.30	0.22	-0.17	2.08	6.65	2.03	2.03	-0.52	3.12	2.54
Cumulative growth/(fall) to peak/(trough)	0.06	0.04	-0.01	0.53	2.73	0.35	0.25	0.00	0.50	0.41

Economic scenarios inputs for Asset class 31.12.2023

Regions	UK					EU		US		China
Economic Parameters	Inflation Rate %	QGDP growth %	HPI increase %	Unemployment %	STInterest %	GDP Increase %	Interest EU %	HPI increase USA %	GDP Increase %	GDP Increase %
Base Case Scenario economic parameters										
5 year average increase	0.49	0.29	0.33	3.18	4.70	3.56	3.11	-0.33	4.17	4.71
Cumulative growth to peak	0.10	0.06	0.07	0.91	1.57	0.79	0.66	-0.00	0.97	1.14
Upside Scenario economic parameters										
5 year average increase	0.47	0.48	0.70	3.23	4.08	4.13	3.27	1.43	5.02	5.53
Cumulative growth to peak	0.13	0.09	0.13	1.14	1.27	0.96	0.70	0.26	1.25	1.43
Downside Scenario economic parameters										
5 Year Average increase/(decrease)	0.23	0.06	-0.46	2.22	6.84	1.94	2.30	-2.32	3.21	2.97
Cumulative growth/(fall) to peak/(trough)	0.08	0.01	-0.01	0.79	2.53	0.37	0.45	-0.03	0.69	0.62

Main macroeconomic variables

UK GDP(growth)	Base Case %	Upside %	Downside %
2025	1.98	5.54	-3.60
2026	1.66	1.98	1.87
2027	1.67	1.68	2.77
2028	1.76	1.86	1.70
2029	1.84	2.15	1.69

UK Unemployment rate	Base Case %	Upside %	Downside %
2025	4.45	3.64	7.07
2026	4.57	3.72	7.30
2027	4.65	3.97	7.08
2028	4.73	4.25	6.51
2029	4.80	4.56	5.94

China GDP(growth)	Base Case %	Upside %	Downside %
2025	4.23	4.88	3.78
2026	4.14	4.32	5.25
2027	4.17	4.12	5.20
2028	4.03	4.40	3.69

Notes to the Financial Statements

for the year ended 31 December 2024

Sensitivity of ECL to future economic conditions

ECLs are sensitive to judgements and assumptions made regarding formulation of forward-looking scenarios and how such scenarios are incorporated into the calculation. The Bank performs a sensitivity analysis on the ECL recognised on its financial assets.

The table below demonstrates the impairment loss on the Bank's financial assets assuming each forward-looking scenario (e.g. base, upside and downside) were weighted 100% instead of applying scenario probability weights.

Measurement uncertainty and ECL sensitivity analysis as of 31/12/2023 in $'000	2024			2023		
	Base Case (40%)	Upside(30%)	Downside(30%)	Base Case (40%)	Upside(30%)	Downside(30%)
Stage 1 modelled exposure ($'000)	1,819,238	1,819,238	1,819,238	1,407,462	1,407,462	1,407,462
Stage 1 modelled ECL ($'000)	213	198	294	376	244	1,152
Stage 1 coverage (%)	0.01%	0.01%	0.01%	0.03%	0.02%	0.08%
Stage 2 modelled exposure ($'000)	-	-	-	-	-	-
Stage 2 modelled ECL ($'000)	28	25	26	-	-	-
Stage 2 coverage (%)	-	-	-	-	-	-
Stage 1 and Stage 2 modelled exposure ($'000)	1,819,238	1,819,238	1,819,238	1,407,462	1,407,462	1,407,462
Stage 1 and Stage 2 modelled ECL ($'000)	241	223	319	376	244	1,152
Stage 1 and Stage 2 coverage (%)	0.01%	0.01%	0.02%	0.03%	0.02%	0.08%
Total ECL	241	223	319	376	244	1,152
(Upside) /Downside to Base Case Variance - Total ECL	-	-18	79	-	(132)	776

The ECL of downside is $79k (2023: $776k) more than that of the base case, due to the macroeconomics prediction for US and global region which have significant impact on the ECL model.

The downside scenario reflects the increasing tensions between the US and China and the worsening Ukraine crisis. Both events are causing disruptions to global trade flows giving rise to supply chain issues. Concerns over the financial health of the property developers remain. The high energy costs are also weighing down on the EU economy. China's recovery has persistently struggled after the pandemic. Confidence among consumers and businesses remains low, with domestic demand particularly limp in the UK.

Write-off

The Bank writes off the gross carrying amount of a financial asset when there is no reasonable expectation of recovering the asset (either in its entirety or a portion of it).

There was no write off of gross carrying amount of financial assets against impairment allowance in 2024. Write off amount in 2023 was also nil**.**

Expected credit losses – how it is used

Notes to the Financial Statements

for the year ended 31 December 2024

In addition to ECL being used to determine to level of impairment provisions in the Bank, it is a key indicator of the credit quality of the Bank's assets, feeds into our risk adjusted return model to determine the potential profitability of new business opportunities and inputs (either directly or indirectly) to key performance and risk indicators for the Bank. Specifically, ECL is an important input into our risk adjusted return on capital (RAROC) model which is used to set minimum pricing levels acceptable to the Bank for new assets.

Regional Exposure

The table below analyses the geographical spread of the Bank's credit exposures based on the customer location.

Total credit exposures in 2024 increased by 29.72% (2023: 6.29% decrease) largely on the back of a substantial increase in our exposure to China. Historically, our exposures to China and UK have been relatively high and this is due to the domicility of the Bank in UK and the close business link to our Parent Bank in China. Exposures in China relate mostly to highly rated banks. The assets in these two regions are of good quality with low probability of defaults.

Geography	2024 Gross carrying amount $'000	ECL $'000	Net carrying amount $'000	% of Total %	2023 Gross carrying amount $'000	ECL $'000	Net carrying amount $'000	% of Total %
China	915,700	5	915,695	50.3	517,824	121	517,703	36.8
UK	406,850	117	406,733	22.4	497,087	37	497,050	35.4
Europe	166,384	81	166,303	9.1	125,842	86	125,756	8.9
International Organization*	274,103	55	274,048	15.1	182,718	280	182,438	13.0
Africa	-	-	-	-	-	-	-	-
Middle East	-	-	-	-	33,974	31	33,943	2.4
North America	35,908	-	35,908	2.0	36,082	16	36,066	2.6
Asia (Exclude China)	20,293	-	20,293	1.1	13,935	-	13,935	1.0
Total	1,819,238	258	1,818,980	1.0	1,407,462	571	1,406,891	100.0

* International Organisations comprises multilateral organisations such as Multilateral Development Banks.

Sector Exposure

The table below analyses the spread of the Bank's credit exposures based on the customer sector.

Sector	2024 Gross carrying amount $'000	ECL $'000	Net carrying amount $'000	% of Total %	2023 Gross carrying amount $'000	ECL $'000	Net carrying amount $'000	% of Total %
B:Banks	1,271,035	60	1,270,975	69.9	795,022	329	794,693	56.5
U:Utilities	91,091	30	91,061	5.0	91,136	33	91,103	6.5
NBFI:Non-BankFinancialInstitutions	-	-	-	0.0	-	-	-	-
PT:Telecommunications	19,874	7	19,867	1.1	61,608	75	61,533	4.4
BU:HouseBuilder	93,501	87	93,414	5.1	95,135	5	95,130	6.8
CN:Construction&Materials	-	-	-	0.0	-	-	-	-
EL:Electronics&ElectricalEquipment	6,871	-	6,871	0.4	36,917	40	36,877	2.6
F:FinancialInstitutions	-	-	-	0.0	29,998	30	29,968	2.1
PH:Pharmaceuticals&Biotech	-	-	-	0.0	-	-	-	-
MI:Mining	-	-	-	0.0	20,857	-	20,857	1.5
RT:Retailers	-	-	-	0.0	-	-	-	-
BOS:Business&OtherServices	6,339	2	6,337	0.3	33,198	52	33,146	2.4
RE:RealEstate	219,208	1	219,207	12.1	222,859	1	222,858	15.9
CM:CommodityTraders	11,319	1	11,318	0.6	20,732	6	20,726	1.5
OG:Oil&Gas	100,000	70	99,930	5.5				
Total	1,819,238	258	1,818,980	100	1,407,462	571	1,406,891	100.0

Notes to the Financial Statements

for the year ended 31 December 2024

The Credit Management Department monitors sector exposures against limits set and approved in our risk appetite policy. Whist there is a good diversification of assets in 2023, we are also mindful of the significant exposures to banks and financial institutions. Exposures to banks increased from 56.5% in 2023 to 69.6% in 2024 and they are within the sector limits set in our risk appetite policy. The banks are mostly investment grade counterparties and some of the exposures are also HQLA.

The commercial real estate sector exposure decreased from 15.8% in 2023 to 12.0% in 2024, this is in line to the bank's overall strategy.

Stage 2 analysis

There is one stage 2 exposure amount to $63 million as at the 31 December 2024, however the exposure is an undrawn commitment (2023: $nil).

In USD million

Criteria	Gross Carrying amount	ECL	Coverage
PD movement	62.64	0.03	0.04%
Forebearance support provided	-	-	-
Other qualitative reasons	-	-	-
30 days past due	-	-	-
Total	62.64	0.03	0.04%

In 2024, one counterparty with credit exposures of $63 million were placed on "watch list" based on the quantitative and qualitative criteria described in the note above. The counterparty had weak credit metrics and was exposured to utilities sector. In contrast, there was no customer on "watch list" in 2023.

30. Liquidity and Funding risk

Liquidity risk means the risk that the Bank, although solvent, does not have sufficient available financial resources to enable it to meet its obligations as they fall due. Funding risk means the risk that the Bank does not have sufficient stable sources of funding in the medium and long-term to meet its financial obligations, such as payments or collateral calls, as they fall due, either at all or only at excessive cost.

The Bank identifies, measures, manages and monitors liquidity and funding risks across different time horizons; it conducts liquidity stress testing which is supported by documented policies and procedures; it clearly aims to allocate responsibilities and maintains sound systems to ensure that both the liquidity position and funding profile are at all times consistent with the Risk Appetite Policy approved by the Board.

The table below summarises the maturity profile of the Bank's financial assets and liabilities with respect to its undiscounted cash flows.

Financial assets

2024

$ '000	1 month and less	Over 1 month to 3 Months	Over 3 months to 6 months	Over 6 months to 1 Year	Above 1 year to 5 years	Over 5 years	Contractual cash flow	Carrying Amount
Non derivatives financial assets								
Cash and balances at central banks	43,857	-	-	-	-	-	43,857	43,857

Notes to the Financial Statements

for the year ended 31 December 2024

Loans and advances to banks	934,251	-	-	-	-	-	934,251	934,969
Loans and advances to customers	1,030	11,589	164,866	53,441	117,412	-	348,338	336,256
Financial investments*	448	29,306	80	42,935	279,036	-	351,806	340,353
Derivative financial assets	255	-	-	-	-	-	255	255
Cash inflows	89,295	-	-	-	-	-	89,295	-
Cash outflows	89,229	-	-	-	-	-	89,229	-
	1,158,365	**40,895**	**164,946**	**96,376**	**396,448**	-	**1,857,031**	**1,655,690**

**** Financial investments include bond investments recognised as amortised cost and FVOCI.***

2023

$ '000	**1 month and less**	**Over 1 month to 3 Months**	**Over 3 months to 6 months**	**Over 6 months to 1 Year**	**Above 1 year to 5 years**	**Over 5 years**	**Contractual cash flow**	**Carrying Amount**
Non derivatives financial assets								
Cash and balances at central banks	196,360	-	-	-	-	-	196,360	196,360
Loans and advances to banks	463,917	-	34,158	-	28,166	-	526,241	523,491
Loans and advances to customers	839	21,796	167,039	56,085.00	209,511	-	455,895	429,281
Financial investments	448	27,893	55,263	149,458	97,627	-	330,689	320,766
Derivative financial assets	-	-	-	-	-	-	-	66
Cash inflows	89,295	-	-	-	-	-	89,295	-
Cash outflows	89,229	-	-	-	-	-	89,229	-
	840,154	**50,314**	**256,460**	**205,543**	**335,304**	-	**1,687,775**	**1,469,964**

<u>Financial Liabilities</u>

2024

$ '000	**1 month and less**	**Over 1 month to 3 Months**	**Over 3 months to 6 months**	**Over 6 months to 1 Year**	**Above 1 year to 5 years**	**Over 5 years**	**Contractual cash flow**	**Carrying Amount**
Non derivatives liabilities								
Deposits by banks	586,868	224,406	17,911	152,081	-	-	981,266	974,702
Customer accounts	164,325	2,175	-	-	-	-	166,500	165,625
Derivative financial liabilities	-	-	-	-	-	-	-	-
Cash inflows	-	-	-	-	-	-	-	-
Cash outflows	-	-	-	-	-	-	-	-
	751,193	226,581	17,911	152,081	-	-	1,147,766	1,140,327

Notes to the Financial Statements

for the year ended 31 December 2024

Undrawn documentary credits	-	-	-	-	-	-	-	6,602
Undrawn loan commitments	-	31,326	-	-	176,201	-	207,528	207,528
	751,193	257,907	17,911	152,081	176,201	-	1,355,294	1,354,457

2023

$ '000	1 month and less	Over 1 month to 3 Months	Over 3 months to 6 months	Over 6 months to 1 Year	Above 1 year to 5 years	Over 5 years	Contractual cash flow	Carrying Amount
Non derivatives liabilities								
Deposits by banks	450,504	27,210	18,616	-	278,451	-	**774,782**	**751,531**
Customer accounts	160,217	72,090.00	13,250	925	-	-	**246,483**	**244,297**
Derivative financial liabilities	-	-	-	-	-	-	-	-
Cash inflows	-	-	-	-	-	-	-	-
Cash outflows	-	-	-	-	-	-	-	-
	610,721	**99,300**	**31,866**	**925**	**278,451**	-	**1,021,265**	**995,828**
Undrawn documentary credits	-	-	-	-	-	-	-	-
Undrawn loan commitments	-	-	-	-	133,494	-	**133,494**	**133,494**
	610,721	**99,300**	**31,866**	**925**	**411,945**	-	**1,154,759**	**1,129,322**

The Bank maintains sufficient high quality liquid assets as part of its liquid assets buffer which can be used in case of any liquidity stress event. At 31 December 2024, the Bank held highly liquid assets of $328 million. Similarly, the liquidity coverage ratio was 175% (2023: 282%) as at 31 December 2024, significantly above the regulatory requirement. The Bank also monitors its Net Stable Funding Ratio (NSFR) which stood at 149% (2023:167%) at the end of the year.

Encumbered assets

The Bank maintained $0.44 million as an initial and variation margin for derivative clearing as at 31 December 2024 (2023: $0.61 million).

31. Market risk

Market risk is defined as the risk of losses arising from movements in market prices. The Bank is exposed to relatively few market risks. The principal market risk is Foreign Exchange (FX) risk arising from the banking book. As the Bank does not undertake proprietary trading and/or market making, trading book exposure arises from client servicing only. In the banking book, positions arise from interest income, financial and tax expenses and impairment provisions. Potential market risk of position risk arises from derivative products: FX forwards, FX swaps and Interest Rate Swaps (IRS). Due to the Bank's back-to-back trading strategy, there is no net material market risk arising from these trading products.

Foreign exchange risk

Throughout 2024, the foreign currency exposure was within limits at all times. As at 31 December 2024, FX overnight exposure was $1,264k (long) (2023: $1,247k (short)).

Notes to the Financial Statements

for the year ended 31 December 2024

FX Sensitivity Analysis

The table below shows the impact on the profit of the Bank due to shifts in the USD exchange rate equally against all other currencies by various basis points as below.

Movement in USD Exchange Rate	2024 ($)	2023 ($)
USD appreciates 200 basis points	(18,257)	17,735
USD appreciates 400 basis points	(37,260)	35,468
USD appreciates 800 basis points	(75,195)	70,925
USD depreciates 200 basis points	19,831	(17,736)
USD depreciates 400 basis points	38,917	(35,475)
USD depreciates 800 basis points	77,181	(70,959)

Monitoring and management of risk

The Bank sets market risk limits to control market risk. These limits are monitored by the Risk and Asset & Liability Management (Risk & ALM) Department, which is independent risk second line of defence from the Treasury Department. The Risk and ALM Department submits regular reports to the Bank's Asset and Liability Committee and Risk Committee. These Committees review major market risk indicators and take any necessary decisions. The Risk and ALM Department also submits weekly and monthly reports on foreign currency exposures and trading products to the Parent Bank, which in turn provides the Bank with regular guidance on market risk management.

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32. Interest rate risk in the banking book

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. The primary form of interest rate risk is re-pricing risk which arises from timing differences in the maturities (for fixed-rate instruments) and re-priced rates (for floating-rate instruments) of the Bank's assets, liabilities and off-balance-sheet positions.

The interest rate re-pricing gap of the Bank at 31 December 2024 is set out below. Items are allocated to time bands by reference to the earlier of the next contractual interest rate re-pricing date and the maturity date.

Interest rate sensitivity table

2024

$ '000	Not more than 3 months	Over 3 months to 6 months	Over 6 months to 1 Year	Above 1 year to 5 years	Non-Interest bearing	Total
Assets						
Cash balance						
Balance at central bank	43,857					**43,857**
Loans and advances to banks	934,969					**934,969**
Loans and advances to customers	285,661			50,595		**336,256**
Financial investments at FVOCI			40,542	272,634		**313,176**
Financial investments at amortised cost	27,177					**27,177**
Fixed and other assets					46,694	**46,694**
Total assets	**1,291,664**		**40,542**	**323,229**	**46,694**	**1,702,129**
Liabilities						
Deposits by banks	956,993	17,709				**974,702**
Customer accounts	165,625					**165,625**
Other liabilities					17,151	**17,151**
Shareholder's funds					544,650	**544,650**
Total liabilities and Shareholder's funds	**1,122,618**	**17,709**	**-**	**-**	**561,802**	**1,702,129**
Interest rate sensitivity gap	**169,046**	**-17,709**	**40,542**	**323,229**	**-515,108**	**-**
Cumulative gap	**169,046**	**151,337**	**191,879**	**515,108**	**-**	**-**

The following table shows the sensitivity of the Bank's net interest income (NII) to a reasonably possible change in interest rates, with all other variables held constant. The effect on the NII (and hence on the Profit and Loss Account) is the effect of the assumed changes in interest rates arising from the financial assets and liabilities held at the year-end that are subject to re-pricing within the coming year.

Movement in interest rate	**$'000**
Interest rate increases by 100 basis points	1,470
Interest rate increases by 200 basis points	2,940
Interest rate decreases by 100 basis points	(1,470)
Interest rate decreases by 200 basis points	(2,940)

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The interest rate sensitivities set out in the table above are based on simplified scenarios. The projections assume that interest rates of all maturities move by the same amount and, therefore, do not reflect the potential impact on net interest income in the case where some rates change while others remain unchanged.

2023

$ '000	Not more than 3 months	Over 3 months to 6 months	Over 6 months to 1 Year	Above 1 year to 5 years	Non-Interest bearing	Total
Assets						
Cash balance					56	**56**
Balance at central bank	196,304					**196,304**
Loans and advances to banks	523,491					**523,491**
Loans and advances to customers	429,281	-				**429,281**
Financial investments at FVOCI	23,416	24,485	110,588	93,472		**251,961**
Financial investments at amortised cost	2,848	29,992	35,965	0		**68,805**
Fixed and other assets					44,822	**44,822**
Total assets	**1,175,340**	**54,477**	**146,553**	**93,472**	**44,878**	**1,514,720**
Liabilities						
Deposits by banks	733,274	18,257				**751,531**
Customer accounts	230,462	12,936	899	-		**244,297**
Other liabilities					17,862	**17,862**
Shareholder's funds					501,030	**501,030**
Total liabilities and Shareholder's funds	**963,736**	**31,193**	**899**	**0**	**518,893**	**1,514,720**
Interest rate sensitivity gap	**211,604**	**23,284**	**145,654**	**93,472**	**(474,014)**	0
Cumulative gap	**211,604**	**234,888**	**380,542**	**474,014**	0	0

The table below shows projected changes in the 2023 Profit and Loss Account of the Bank arising from a shift in yield curves:

Movement in interest rate	**$'000**
Interest rate increases by 100 basis points	2,361
Interest rate increases by 200 basis points	4,722
Interest rate decreases by 100 basis points	(2,361)
Interest rate decreases by 200 basis points	(4,722)

For each shift in the basis points on its funding rate, the Bank can expect the change in the amount of its Profit and Loss Account as illustrated above. The impact on the re-pricing periods within one year shows a net profit and a net loss respectively to a positive and negative shift in the basis points.

Notes to the Financial Statements

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33. Country by country reporting

The following Country by country reporting disclosure is made according to the **Capital Requirements Regulation 2013 (CRR)**:

2024

United Kingdom	Business	Turnover	Average employees	Profit before tax	Corporate Tax paid	Public subsidies received
		$ '000		*$ '000*	*$ '000*	
ICBC (London) plc	Banking	65,405	185	54,841	(14,140)	-

2023

United Kingdom	Business	Turnover	Average employees	Profit before tax	Corporate Tax paid	Public subsidies received
		$ '000		*$ '000*	*$ '000*	
ICBC (London) plc	Banking	43,392	179	34,564	(8,715)	-

The tax on profit for 2024 was $15,178k (2023: $8,432k).

34. Operational risk (Unaudited)

The Bank defines operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. It is a pervasive risk that involves all aspects of business as well as other entities with whom the Bank deals. The nature of the Bank's operational risk exposures is considered more likely to consist of 'high-frequency/low-impact' events.

The objectives of operational risk management are not to remove operational risk altogether but to manage and control operational risk in a cost-effective manner consistent with the Bank's risk appetite. The Bank has control systems and procedures in place to ensure that operational losses are minimised. As part of the Bank's risk appetite, an Operational Loss ratio is set, monitored and reported to the Executive Committee and the Board. In 2024, the operational loss was $nil (2023: $nil).

35. Capital

The Bank's policy is to maintain an actively-managed capital base to cover risks inherent in the business. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision (BIS rules/ratios) and adopted by the Prudential Regulation Authority in supervising and regulating the Bank.

The primary objective of the Bank's capital management activities is to ensure compliance with internal and external capital requirements. The Bank maintains sufficient capital ratios in order to support its business and to maximise shareholder's value.

The Bank manages and adjusts its capital structure in the light of changes in economic conditions and the risk characteristics of its activities.

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Regulatory capital (unaudited)

	2024	2023
	$ '000	*$ '000*
Share capital	200,000	200,000
Retained earnings	346,433	306,767
Other reserves	(1,783)	(5,737)
Less: Regulatory adjustments	(534)	(438)
Tier 1 capital	**544,116**	**500,592**
Tier 2 capital	**-**	**-**
Total capital	**544,116**	**500,592**

Transitional relief for IFRS 9 – Expected credit losses

From a regulatory capital perspective, the Bank has made use of the transitional relief under regulatory capital rules for the transition to IFRS 9. However, the impact of this on the Bank's overall capital position is not material.

ECL is an important factor in the Bank's profitability and therefore has a direct impact on the regulatory capital of the Bank. However, we do not consider it in itself as a key driver in the Bank's capital management, but rather indirectly through the role it plays in the Bank's asset selection (as explained above). The Bank's strategy is to invest in high credit quality assets and ECL is an important factor in determining both the perceived credit quality of an asset as well as determining the appropriate risk/return balance.

36. Events after the end of the reporting date

There has been no adjusting event after the end of the reporting date.

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