

# **ICBC (London) plc**

## **Report and Financial Statements**

**31 December 2025**

Company Registration No : 4552753

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## **Strategic Report**

### **Introduction**

The Bank had a very successful 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 8.11% compared to the previous year, mostly due to the growth of the Group agency service business and an elevated net interest income sustained by the fact that a large portion of the loan book is directly funded by equity.

The total asset level increased by 40.64% 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. During the year, the Club Deal matured and this funding was replaced by borrowing from the ICBC London Branch. We expect this to have a positive impact on our overall funding cost.

The Bank has significantly strengthened our operational resilience during the year, especially from a technology and data management perspective. We believe these initiatives place us on a strong footing for the future.

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**

Despite persistent challenges in 2025—including trade tariffs, heightened geopolitical uncertainty, and elevated sovereign debt levels—the global economy demonstrated notable resilience, supported by accommodative fiscal policies and easing financial conditions. Looking ahead to 2026, global growth appear set to broadly maintain its recent trajectory. The OECD forecasts global GDP growth of 2.9%, marginally below the estimated 3.2% expansion in 2025, under the concerns of persistent trade barriers, raising tariffs, potential AI market corrections and geopolitical instability.

Although the immediate impact of US tariffs has so far been less severe than initially anticipated, and a further decision by the Supreme Court of the USA barred the US President's 'unilateral' authority on these increases, there are ongoing tariff increases: the President later announced 15% global tariff increase for 150 days, unless this is further increased by the 'Congress', their lagged effects are likely to pose additional headwinds in the coming quarters.

Other geopolitical developments—including the capture of the president of Venezuela and renewed territorial rhetoric by President Trump regarding Greenland—have contributed to heightened market uncertainty. Ongoing geopolitical risks and potential policy shifts in the US remain key factors to monitor, given their potential spillover effects on global economic and financial conditions.

On 28th February, 2026, US & Israel began a conflict with Iran, subsequently, the Strait of Hormuz was closed, where 20% of global oil passes through, this created a surge in oil prices, which could lead to potential recession globally, due to higher energy costs and reduced consumer spending. Central Banks faced an unexpected decision on interest rate decisions amid potential increase in inflation, as there is uncertainty when this conflict will end and the full short and long term impact globally.

In the UK, economic growth reached 1.8% in Q1 2025, largely driven by the front-loading of activity ahead of anticipated US tariff increases. However, momentum weakened from Q2 onwards. Expectations of fiscal tightening in the Autumn Budget further weighed on business and consumer confidence, despite some easing in inflationary pressures. In March, the OECD has revised down its UK growth forecast to 0.7% for 2026, compared with 1.4% in 2025, and projects inflation to reach to 4.0%.

The recent budget presented by Rachel Reeves is expected to generate an additional £26bn in tax revenues; however, the majority of these measures are back-loaded from 2028 and provide limited clarity on the longer-term fiscal outlook, and it's not clear to see how the government's fiscal decisions will support the weakened productivities. Fiscal consolidation is therefore likely to continue acting as a drag on domestic demand and consumer confidence. Offsetting this to some extent, the elevated household savings rate offers a degree of resilience against adverse shocks. With inflation easing and labour market conditions gradually loosening, the Bank

## **Strategic Report**

of England was expected to respond to subdued growth with two more policy rate cuts this year. However due to the geopolitical situation in the Middle East, this is very unlikely, and it is now expected to raise the UK base rate twice in 2026 to counter any inflationary pressures.

### **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 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.

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.

The Bank's assets portfolio and funding sources remain well-diversified and backed by a very strong capital and liquidity position.

### **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 40.64% (2024: 12.37%) compared to 2024. This remains in line with our target asset range.
- Profit after tax increased by 8.11% (2024: 51.77%) to \$42.88m (2024: \$39.66m) 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 2025 this ratio is 7.55% (2024: 7.59%).
- 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 2025 increased to 2.52% (2024: 2.39%) 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 unchanged compared to last year (2024: 3.43%). This performance 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 (2024: \$nil).

## Strategic Report

- 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 16.65% in 2025 (2024: 17.10%). The improvement was mostly driven by sustained higher income levels in the recent two years.

### 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 and Data Governance Committee, 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 financial sector (65.4% of total net 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 17.0% of all exposures and all of which is secured. Credit risk indicators were well within our internal risk appetite. There were no non-performing loans at the end of 2025.
- 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

## Strategic Report

Plan including liquidity contingency arrangements. At the end of the year the Bank had a Liquidity Coverage Ratio (LCR) of 144% (2024: 175%) and Net Stable Funding Ratio (NSFR) of 173% (2024:149%), both of which were significantly above regulatory requirements.

- 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 2025. During the year, the Bank continued to encourage 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 recovered well from the cyber attack in 2024. Although none of our core systems or live system data were impacted and the Bank continued its normal business services at this time, we took the opportunity to strengthen our operational resilience even further and introduced several enhancements to IT security and data protection. We do not expect any further actions from this event, either regulatory or legally.

- 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.

### 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 using 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

## Strategic Report

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 have included climate-related capital stress calculations in our ICAAP capital stress calculations 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 2025, the Bank consumed approximately 1,485,372kWh (2024: 1,734,323kWh) of energy, with total greenhouse gas emissions of 265.4 (2024: 346) 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:

#### 2025

Utility	Energy Consumption		GHG Emissions	
	kwh/year	%	tCO2e/year	%
Electricity (Scope 2)	1,041,703	70.1	184	69.2
Gas (Scope 1)	442,010	29.8	81	30.5
Transport (Scope 1)	-	-	-	-
Transport (Scope 3)	1,659	0.1	0.40	0.3
<b>Total</b>	<b>1,485,372</b>	<b>100</b>	<b>265.4</b>	<b>100</b>

## Strategic Report

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)	-	-	-	-
Transport (Scope 3)	96	-	-	-
<b>Total</b>	<b>1,734,323</b>	<b>100</b>	<b>346</b>	<b>100</b>

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 193 (2024: 185) (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 1.38 (2024: 1.87) 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: recognising the significant environmental and financial benefits of energy-efficient lighting, we have started upgrades to LED lighting within our office premise. The assessment conducted has laid the groundwork for a comprehensive LED bulb replacement program, implementation has begun during the financial year and will complete in stages over the coming year(s). 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

## **Strategic Report**

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). During the year, the PRA announced changes to their Remuneration rules and it is our intention to amend our own scheme to be aligned to the new rules.

At the end of the year we had 196 employees (2024: 185).

### **Future developments**

The Bank's primary focus is to continue with its stable development 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.

From 1 January 2027, the new Basel 3.1 rules will be applicable to the Bank. We have already embarked on major changes to our systems and processes to accommodate this change and we will spend the rest of the year making sure we can implement the new rules successfully.

As mentioned already, the PRA announced changes to their remuneration rules and we will adjust our own scheme to align with these changes.

### **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, IT Steering and Data Governance Committee and the Financial Crime Risk Committee.

The Bank has 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 EY. EY was formally appointed by the Board as the Bank's external auditor for the 2025 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

## **Strategic Report**

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 for 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**

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.

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.

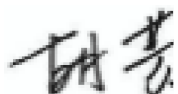
For the year ended 31 December 2025

## Strategic Report

### Conclusion

This Bank has had a successful year in 2025. The Bank has managed the external uncertainties well, and has an exceptionally strong and high quality Balance Sheet. We remain confident and optimistic 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 24 April 2026



Fang Hu

Chief Executive Officer

**For the year ended 31 December 2024**

## **Board of Directors and other information**

### **Directors (as of 31 December 2025)**

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

### **Auditor**

Ernst & Young LLP  
25 Churchill Place  
London  
E15 5EY

### **Registered Office**

81 King William Street  
London  
EC4N 7BG

### **Management Team (as of 31 December 2025)**

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

## Directors' Report

The Directors present their report and the Financial Statements of the Bank for the year ended 31 December 2025.

### 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 \$42.88 million (2024: \$39.66 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 and Chief Risk Officer
Jianjun Liu	Director
Qingsheng Lin	Non-Executive Director
Alan Gemes	Independent Non-Executive Director
Giles Adams	Independent Non-Executive Director

## Directors' Report

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 (2024:\$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.

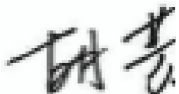
### Disclosure of information to the auditor

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 EY as the external auditor for the year ending 2025 was passed at the Annual General Meeting.

Approved and authorised for issue by the Board of Directors



Fang Hu

Chief Executive Officer

24 April 2026

## Statement of Directors' Responsibilities in respect of the Strategic Report, the Director's report and the Financial Statements

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

### Opinion

We have audited the financial statements of ICBC (London) Plc (the 'Bank') for the year ended 31 December 2025 which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Statement of Cash Flows and the audited sections of the related notes 1 to 36 including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Bank's affairs as at 31 December 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### 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 Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 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 Bank's ability to continue to adopt the going concern basis of accounting included:

- We obtained an understanding of how the going concern assessment for the Bank was undertaken, which is summarised in the basis of preparation note 1.2, page 28. We considered the appropriateness of the timeframe used by the directors in making their assessment, which included consideration of longer-term forecasts than the 12 months minimum timeframe required for forecasting going concern.
- We evaluated the directors' going concern assessment, which covered a period of twelve months from the date these financial statements are authorised for issue, by reviewing their evaluation of long-term business and strategic plans, capital adequacy, liquidity and funding positions.

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

- In addition, we also assessed these positions considering internal stress tests which included consideration of principal and emerging risks. The Bank’s risk profile and risk management practices were considered, including credit risk, market risk, and operational risk. We also evaluated the accuracy of the Bank’s forecasts and assessed their reasonableness.
- We reviewed regulatory correspondence and minutes of the Board and key committees to identify events or conditions that may have had an impact on the Bank’s ability to continue as a going concern.
- We reviewed the Bank’s going concern disclosures included in the annual report in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

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 Bank’s ability to continue as a going concern for a period of 12 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Bank’s ability to continue as a going concern.

### Overview of our audit approach

Key audit matters	<ul style="list-style-type: none"> <li>• Measurement of IFRS 9 Expected Credit Losses (ECL).</li> </ul>
Materiality	<ul style="list-style-type: none"> <li>• Overall materiality of £5.91 million, which represents 1% of Total Share Capital and Reserves.</li> </ul>

The valuation of expected credit losses was identified as a Key Audit Matter in the prior year by Deloitte and remains a Key Audit Matter based on our risk assessment.

### An overview of the scope of our audit

#### Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Bank. This enables us to form an opinion on the financial statements. We take into account the size, risk profile, the organisation of the Bank and effectiveness of controls, the potential impact of climate change and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

#### Climate change

Stakeholders are increasingly interested in how climate change will impact the Bank. The Bank has determined that the most significant future impacts from climate change on its operations would arise from the valuation of ECL and does not consider there to be a material impact on its judgements and estimates from the physical and transition climate-related risk. These are explained in “The Bank’s approach to Climate Risk” together with its 2025 disclosures under Streamlined Energy and Carbon Reporting (SECR). All of these disclosures form part of the “Other information,” rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on “Other information”.

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

In planning and performing our audit we assessed the potential impacts of climate change on the Bank’s business and any consequential material impact on its financial statements.

The Bank has explained in its Accounting Policies that the Bank does not consider there to be a material impact on its judgements and estimates from the physical and transition climate-related risks.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management’s assessment of the impact of climate risk on the significant judgements and estimates disclosed within the Accounting Policies. As part of this evaluation, we performed our own risk assessment to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

We also challenged the Directors’ considerations of climate change risks in their assessment of going concern and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

**Key audit matters**

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<b>Measurement of IFRS 9 Expected Credit Losses (ECL)</b>		
<p><b>There is a risk of incorrect measurement of IFRS 9 ECL, which may arise from inaccurate data inputs, completeness and appropriateness of identification of indicators of significant increase in credit risk (SICR) and/or default (staging decisions), and the judgmental nature of the model assumptions (including the choice of multiple economic scenarios).</b></p> <p><i>Refer to Accounting policies (page 30-33); Note 11 (page 45); and Note 29 (page 56) of the Financial Statements.</i></p> <p>At 31 December 2025 the Bank reported \$319 thousand (2024: \$258 thousand) of expected credit loss provisions.</p> <p>The key judgements and estimates in respect of the timing and measurement of ECL include:</p> <ul style="list-style-type: none"> <li>- <b>Staging:</b> Allocation of assets to stage 1, 2 or 3 using criteria</li> </ul>	<p><b>Controls</b></p> <p>We obtained an understanding of the relevant controls over lending and ECL calculations.</p> <p><b>Staging</b></p> <p>We reviewed the Bank’s accounting policies and tested how they are applied in allocating assets to the different stages (in line with IFRS 9 requirements) including reperforming the staging distribution for all relevant financial assets and performing credit reviews on 100% of loans to costumers to test the qualitative criteria of staging.</p> <p><b>Modelling and Data</b></p> <p>With the support of EY credit risk modelling specialists, we performed a risk assessment over the models used in the ECL calculation using independently determined criteria and applied this risk rating to determine the procedures to perform. Based on the risk rating of each model, we assessed the reasonableness of the underlying assumptions,</p>	<p>Based on our work performed, we are satisfied that the provision for the impairment of loans was reasonable and recognised in compliance with IFRS 9.</p> <p>We communicated to the Audit Committee that the Group’s ECL provisions were reasonably estimated and materially compliant with IFRS 9. We also discussed our key observations in relation to staging judgements and model-related considerations, including insights from the work performed by our modelling and economic specialists.</p>

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

<p>in accordance with the accounting standard and the Bank’s policies.</p> <ul style="list-style-type: none"> <li>- <b>Model and model assumptions:</b> The accounting interpretations and modelling assumptions used to build the models that calculate ECL and the data inputs to the models; and</li> </ul> <p><b>Economic scenarios:</b> Inputs, assumptions and weightings used to estimate the impact of multiple economic scenarios, particularly those influenced by current economic conditions.</p> <p>There are also risks related to:</p> <ul style="list-style-type: none"> <li>- <b>Post model adjustments (PMAs):</b> Completeness and valuation of post-model adjustments. No post-model adjustments were booked in the current year or prior year to address any potential limitation of models to adequately incorporate, inflation, liquidity challenges from geopolitical and economic uncertainties; and</li> <li>- <b>Disclosures:</b> The completeness and preparation of disclosures considering the key judgments, sources of data and the design of the disclosures.</li> </ul> <p>The risk has remained broadly consistent with the prior year.</p>	<p>methodology and model build. This included evaluating model design and formulae, model implementation and validation, model monitoring, sensitivity testing and independently recalculating Probability of Default, Loss Given Default and Exposure at Default parameters based on the models’ risk ratings.</p> <p>We tested the accuracy and completeness of key data elements assessed to be material to the ECL output to source evidence.</p> <p><b>Multiple-economic scenarios</b></p> <p>With the support of EY Economists and modelling specialists we assessed the appropriateness of scenario weightings and underlying macroeconomic variables, and the impact of interest rates and inflation on Bank’s portfolio.</p> <p><b>Post-model adjustments</b></p> <p>We assessed the reasonableness of management’s conclusion that no post-model adjustments were necessary at year end, considering the evolution of external factors and portfolio risks.</p> <p><b>Disclosures</b></p> <p>We tested and assessed the adequacy and appropriateness of disclosures for compliance with the accounting standards and regulatory considerations.</p> <p><b>Standback assessment</b></p> <p>We performed an overall reasonableness assessment of the Bank’s ECL provision levels.</p>	
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# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ICBC (LONDON) PLC

## Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

### Materiality

*The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.*

We determined materiality for the Bank to be \$5.91 million (Deloitte 2014: \$5.36 million), which is 1% (Deloitte 2024: 1%) of "Total Share Capital and Reserves" (net assets). We believe that net assets is the most appropriate benchmark as the Bank is a regulated entity where capital position is of importance to its key stakeholders (regulators and the shareholder).

### Performance materiality

*The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.*

On the basis of our risk assessments, together with our assessment of the Bank's overall control environment, our judgement was that performance materiality was 50% (Deloitte 2024: 70%) of our planning materiality, namely \$2.96 million (Deloitte 2024 \$3.75 million). We have set performance materiality at this percentage as this is our first year auditing the Bank.

### Reporting threshold

*An amount below which identified misstatements are considered as being clearly trivial.*

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of \$0.29 million (Deloitte 2024: \$0.27 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

### 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 this 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 the other information, we are required to report that fact.

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

We have nothing to report in this regard.

## 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 directors' report have been prepared in accordance with applicable legal requirements.

## Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 14, 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 Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

## 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.

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

## **Explanation as to what extent 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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Bank and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are the Companies Act 2006, Financial Services and Markets Act 2000, Financial Services Act 2012, Capital Requirements Regulation, relevant regulations of the Prudential Regulation Authority and Financial Conduct Authority, and tax legislation.
- We understood how the Bank is complying with those frameworks by making inquiries of management, Internal Audit, and those responsible for legal and compliance matters. We also reviewed regulatory correspondence and minutes of the Board, Audit Committee and Risk Committee meetings held and gained an understanding of the Bank's approach to governance.
- We assessed the susceptibility of the Bank's financial statements to material misstatement, including how fraud might occur by considering the controls that the Bank has established to address risks identified by the entity, or that otherwise seek to prevent, deter or detect fraud. We made enquiries of management and Internal Audit to supplement our assessment of how fraud might occur. We also considered performance and incentive plan targets and their potential to influence management to manage earnings or influence the perceptions of investors and stakeholders. Our procedures to address the risks identified also included incorporation of unpredictability into the nature, timing and/or extent of our testing, challenging assumptions and judgements made by management in their significant accounting estimates, testing year-end adjustments and other targeted journal entries and performing procedures to identify any significant items inappropriately held in suspense. We also assessed the risks of fraud in our Key audit matter. Our procedures over our key audit matter and other significant accounting estimates included challenging management on the assumptions and judgements made in determining these estimates.

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

## **Other matters we are required to address**

- Following the recommendation from the audit committee we were appointed by the Bank on 16 October 2025 to audit the financial statements for the year ending 31 December 2025 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is 1 years, covering the year ending 31 December 2025.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Bank and we remain independent of the Bank in conducting the audit.
- The audit opinion is consistent with the additional report to the audit committee.

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

## Use of our report

This report is made solely to the Bank'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 Bank'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 Bank and the Bank's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signed by:

*Bansi Haria*

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*Bansi Haria (Senior statutory auditor)*

*for and on behalf of Ernst & Young LLP, Statutory Auditor*

*London*

*24 April 2026*

## Profit and Loss Account

for the year ended 31 December 2025

	Notes	2025 \$ '000	2024 \$'000
<b>Interest receivable</b>	2	<b>73,022</b>	<b>80,464</b>
Interest receivable and similar income arising from financial investments		13,544	8,039
Other interest receivable		59,478	72,425
<b>Interest payable</b>	2	<b>(17,005)</b>	<b>(24,461)</b>
<b>Net interest income</b>		<b>56,017</b>	<b>56,003</b>
Fees and commissions receivable	2	2,656	2,516
Fees and commissions payable	2	(360)	(403)
<b>Net fees and commissions</b>		<b>2,296</b>	<b>2,113</b>
Dealing (loss)/profit		709	515
Other operating income	3	9,798	6,773
<b>Other income</b>		<b>10,507</b>	<b>7,288</b>
<b>Total operating income</b>		<b>68,820</b>	<b>65,404</b>
Staff costs	4	(41,255)	(38,325)
Depreciation and amortisation	15,16	(1,208)	(1,154)
Other operating charges	6	(10,247)	(10,487)
Reimbursement of expenses attributable to the Branch	7	41,197	39,091
<b>Operating expenses</b>		<b>(11,513)</b>	<b>(10,875)</b>
Impairment releases/(losses)	11	(52)	312
<b>Profit before tax</b>		<b>57,255</b>	<b>54,841</b>
Tax on profit	8	(14,375)	(15,178)
<b>Profit for the year</b>		<b>42,880</b>	<b>39,663</b>

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

Notes 1 to 36 form part of these Financial Statements

## Statement of Comprehensive Income

for the year ended 31 December 2025

	Note	2025 \$ '000	2024 \$ '000
<b>Profit for the year</b>		<b>42,880</b>	<b>39,663</b>
<b>Other comprehensive income:</b>			
Change in fair value of financial investments at fair value through other comprehensive income (FVOCI)	13	5,190	5,430
Impairment allowance on financial investments at FVOCI	11	(7)	(115)
Tax on components of other comprehensive income		(1,297)	(1,357)
<b>Other comprehensive income for the year, net of income tax</b>		<b>3,886</b>	<b>3,957</b>
<b>Total comprehensive income for the year</b>		<b>46,766</b>	<b>43,620</b>

Notes 1 to 36 form part of these Financial Statements.

## Balance Sheet

As at 31 December 2025

	Note	2025 \$ '000	2024 \$ '000
<b>Assets</b>			
Cash and balances at central banks	27	1,062,471	43,857
Loans and advances to banks	9	511,222	934,969
Loans and advances to customers	10	413,326	336,256
Derivative financial instruments	12	-	255
Financial investments at fair value through other comprehensive income (FVOCI)	13	320,996	313,176
Financial investments at amortised cost	14	35,803	27,177
Intangible assets	16	244	220
Tangible fixed assets	15	29,460	29,928
Deferred tax assets	18	614	614
Prepayments, accrued income and other assets	17	19,810	15,677
<b>Total Assets</b>		<b>2,393,946</b>	<b>1,702,129</b>
<b>Liabilities</b>			
Deposits by banks	19	1,622,117	974,702
Customer accounts	20	160,911	165,625
Derivative financial instruments	12	2,245	-
Other liabilities		12,447	10,872
Accruals and deferred income	21	1,924	3,121
Current tax liabilities		27	1,705
Deferred tax liabilities	18	2,859	1,454
<b>Total Liabilities</b>		<b>1,802,530</b>	<b>1,157,479</b>
<b>Share Capital and Reserves</b>			
Called up share capital		200,000	200,000
Retained earnings		389,313	346,433
Other reserves		2,103	(1,783)
<b>Total Share Capital and Reserves</b>		<b>591,416</b>	<b>544,650</b>
<b>Total Liabilities and Share Capital and Reserves</b>		<b>2,393,946</b>	<b>1,702,129</b>
<b>Memorandum items</b>			
Contingencies and commitments	24	100,968	207,527

These Financial Statements were approved by the Directors on 24 April 2026 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 2025

	Share capital	Retained earning	Other reserves	Total shareholder's funds
	\$'000	\$'000	\$'000	\$'000
<b>At 1 January 2024</b>	<b>200,000</b>	<b>306,770</b>	<b>(5,740)</b>	<b>501,030</b>
Profit for the year	-	39,663	-	39,663
Change in fair value of financial investments at FVOCI	-	-	5,430	5,430
Impairment charged on financial investments at FVOCI	-	-	(116)	(116)
Tax on other comprehensive income	-	-	(1,357)	(1,357)
<b>At 31 December 2024</b>	<b>200,000</b>	<b>346,433</b>	<b>(1,783)</b>	<b>544,650</b>
<b>At 1 January 2025</b>	<b>200,000</b>	<b>346,433</b>	<b>(1,783)</b>	<b>544,650</b>
Profit for the year	-	42,880	-	42,880
Change in fair value of financial investments at FVOCI	-	-	5,190	5,190
Impairment released on financial investments at FVOCI	-	-	(7)	(7)
Tax on other comprehensive income	-	-	(1,297)	(1,297)
<b>At 31 December 2025</b>	<b>200,000</b>	<b>389,313</b>	<b>2,103</b>	<b>591,416</b>

Notes 1 to 36 form part of these Financial Statements.

## Statement of Cash Flows

for the year ended 31 December 2025

	Notes	2025 \$ '000	2024 \$ '000
<b>Cash flows from operating activities</b>			
Profit for the year		42,880	39,663
<b>Adjustments for non-cash items</b>			
Depreciation of tangible fixed assets	15	1,106	1,073
Amortisation of intangible assets	16	102	81
Impairment losses	11	52	(312)
Interest income	2	(73,022)	(80,464)
Interest expense	2	17,005	24,461
Gain on sale of financial investment at FVOCI		(139)	-
Exchange gain and accretion of discounts and amortisation of premiums on financial investments		4,619	7,528
Revaluation (gain)/ loss on financial derivatives		2,500	(189)
Tax on profit	8	14,375	15,178
		<b>(33,402)</b>	<b>(32,644)</b>
<b>Decrease/ (increase) in operating assets</b>			
Loans to banks	9	764,198	(436,287)
Loans and advances to customers	10	(77,176)	93,250
Financial investments at FVOCI	13	408	(60,711)
Financial investments at amortised cost	14	(9,488)	41,729
Other assets	17	(3,319)	(957)
		<b>674,623</b>	<b>(362,976)</b>
<b>(Decrease)/increase in operating liabilities</b>			
Deposits by banks	19	647,415	223,171
Deposits from customers	20	(4,714)	(78,671)
Other liabilities		1,613	(1,030)
		<b>644,314</b>	<b>143,470</b>
<b>Adjustment for cash items</b>			
Interest received		72,209	79,076
Interest paid		(18,202)	(26,683)
Income tax paid		(15,945)	(14,140)
		<b>38,062</b>	<b>38,253</b>
<b>Net cash used in operating activities</b>		<b>1,366,477</b>	<b>(174,234)</b>
<b>Cash flow from investing activities</b>			
Acquisition of tangible fixed assets	15	(638)	(332)
Acquisition of intangible assets	16	(126)	(115)
<b>Net cash used in investing activities</b>		<b>(764)</b>	<b>(447)</b>
<b>Net cash from financing activities</b>			
		-	-
<b>Net decrease in cash and cash equivalents</b>		<b>1,365,713</b>	<b>(174,681)</b>
<b>Cash and cash equivalents at 1 January</b>	27	<b>139,627</b>	<b>316,971</b>
Effects of exchange rates on cash and cash equivalents		(6,647)	(2,663)
<b>Cash and cash equivalents at 31 December</b>	27	<b>1,498,693</b>	<b>139,627</b>

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

# Notes to the Financial Statements

for the year ended 31 December 2025

## 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 The Financial Reporting Standard applicable in the UK and Republic of Ireland, (FRS 102) issued by the Financial Reporting Council, the Companies Act 2006 and the applicable provisions of Schedule 2 of Large and Medium-sized Companies and Group (Accounts and Reports) Regulations 2008.

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, the disclosure requirements of Section 11 and 12 and the presentation requirements of paragraph 11.38A or 12.25W of FRS 102 in respect of Financial Instruments, departing from the recognition and measurement provisions of IAS 39.

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 24 April 2026.

### Future accounting developments

The Financial Reporting Council has issued amendments to FRS 102 as part of its Periodic Review 2024, including changes to lease accounting (Section 20) and revenue recognition (Section 23). The changes are effective for accounting periods beginning on or after 1 January 2026, and the Bank do not expect material impact due to these amendments.

### 1.3 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.

### 1.4 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

## Notes to the Financial Statements

for the year ended 31 December 2025

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.

### 1.5 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:

#### 1.5.1 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.

#### 1.5.2 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.

### 1.6 Exemption under FRS 102

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

#### 1.7 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 2025

### 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 UK), the disclosure requirements of Section 11 and 12 and the presentation requirements of paragraph 11.38A or 12.25W of FRS 102.

##### 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

## Notes to the Financial Statements

for the year ended 31 December 2025

experience on how the cash flows for these assets were collected, how the assets' 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.

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.

## Notes to the Financial Statements

for the year ended 31 December 2025

### 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 lifetime 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. Subject to Credit Committee's approval, the instrument is transferred to stage 2. 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.

## Notes to the Financial Statements

for the year ended 31 December 2025

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.

#### 1.8.1.3 Financial Liabilities

The Bank classifies its financial liabilities in the following categories:

## Notes to the Financial Statements

for the year ended 31 December 2025

### 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 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.

## Notes to the Financial Statements

for the year ended 31 December 2025

For all stage 3 financial instruments measured at amortised cost, 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 net 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 and recognised within interest income.

### 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
Leasehold improvements, office furniture and equipment	-	5 years
Motor vehicles	-	5 years
Computer hardware	-	3 years
Land is not depreciated		

## Notes to the Financial Statements

for the year ended 31 December 2025

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 losses 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.

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.

## Notes to the Financial Statements

for the year ended 31 December 2025

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 2025

### 2. Net interest and similar income arising from debt securities

2025

	Loans and advances	Financial investments at FVOCI*	Financial Investments at AC**	Deposits by banks	Customer accounts	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Interest and similar income</b>						
arising from financial investments	-	13,080	464	-	-	<b>13,544</b>
Other interest and similar income	59,478	-	-	-	-	<b>59,478</b>
<b>Total Interest and similar income</b>	<b>59,478</b>	<b>13,080</b>	<b>464</b>	-	-	<b>73,022</b>
Interest expense	-	-	-	(16,400)	(605)	<b>(17,005)</b>
<b>Net interest income</b>	<b>59,478</b>	<b>13,080</b>	<b>464</b>	<b>(16,400)</b>	<b>(605)</b>	<b>56,017</b>
Fees and commissions income	-	-	-	-	-	2,656
Fees and commissions expense	-	-	-	-	-	(360)
<b>Net fees and commissions</b>	-	-	-	-	-	<b>2,296</b>

\*FVOCI – Fair value through other comprehensive income

\*\*AC – Amortised cost

2024

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

## Notes to the Financial Statements

for the year ended 31 December 2025

### 3. Other operating income

	2025 \$'000	2024 \$'000
Fees earned for services provided under a service level agreement with related parties	9,798	6,773
	<b>9,798</b>	<b>6,773</b>

The Bank earns fee income by providing services to a related party - Industrial and Commercial Bank of China Ltd (the Parent). The Bank only provides staff availability and infrastructure services to enable the Parent's ability to provide 24 hours Foreign Exchange, Precious Metal, Fixed Income, Derivative, CNY financing and CNY exchange trading services to its customers. There is no market or credit risk for the Bank itself arising from or associated to this service relative to its own balance sheet. The service is provided on an arm's lengths basis.

### 4. Staff costs

Staff costs (including Directors) comprise the following:

	2025 \$'000	2024 \$'000
Wages and salaries	33,710	31,424
Social security costs	4,325	3,890
Pension costs	1,947	1,656
Other costs	1,273	1,355
	<b>41,255</b>	<b>38,325</b>

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

	2025 No	2024 No
- Senior Management	6	6
- Front office functions	66	63
- Risk control and support functions	121	116
	<b>193</b>	<b>185</b>

### 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

## Notes to the Financial Statements

for the year ended 31 December 2025

dependent on continued future service unless good leavers conditions are not met. Deferred bonus costs in relation to this plan is \$435k (2024: \$1,129k) during the year.

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 Balance sheet 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:

	2025 \$'000	2024 \$'000
Carrying value of share based payment liability (Balance Sheet)	1,919	1,690
Expense arising from share based transaction (Profit or loss)	1,014	905

### 5. Directors' emoluments

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

	2025 \$'000	2024 \$'000
Salary	1,908	1849
Bonus	491	443
Pension	34	33
	<b>2,433</b>	<b>2,325</b>

Four directors accrued benefits under defined contribution scheme during 2025, 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 \$1.74 million in 2025 (2024: \$1.66 million).

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

	2025 \$'000	2024 \$'000
Salary, benefits and performance-related bonus	622	610

The highest paid director also works for both the Bank and the Branch. Of the total emolument, the cost attributable to the Branch was \$497k in 2025 (2024: \$487k).

## Notes to the Financial Statements

for the year ended 31 December 2025

### 6. Other operating charges

	2025 \$'000	2024 \$'000
Administrative expenses	9,755	9,916
<b>Operating leases:</b>		
- Operating lease charges	-	-
- Reversal of provision for onerous lease	-	-
<b>Auditor's remuneration:</b>		
- Audit of the Financial Statements		
Current year	472	545
- Audit-related assurance services		
Current year	20	26
	<b>10,247</b>	<b>10,487</b>

### 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.

	2025 \$'000	2024 \$'000
Staff cost	33,456	30,444
Other operating charges	6,879	7,800
Depreciation	862	847
<b>Reimbursement of expenses attributable to the Branch</b>	<b>41,197</b>	<b>39,091</b>

## Notes to the Financial Statements

for the year ended 31 December 2025

### 8. Tax on profit on ordinary activities

The tax charge is made up as follows:

	2025 \$'000	2024 \$'000
<b>Current tax:</b>		
UK corporation tax	(14,384)	(13,831)
Adjustments in respect of prior years	117	(1,295)
<b>Total current tax</b>	<b>(14,267)</b>	<b>(15,126)</b>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(110)	(49)
Effect of tax rate change in opening balance	2	(3)
Adjustment for prior years	-	-
<b>Total deferred tax (charge)/credit for the year</b>	<b>(108)</b>	<b>(52)</b>
<b>Total charge for the year</b>	<b>(14,375)</b>	<b>(15,178)</b>

#### 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% (2024: 25%). The differences are explained below:

	2025 \$'000	2024 \$'000
<b>Profit on ordinary activities before tax</b>	<b>57,254</b>	<b>54,841</b>
Current tax at 25% (2024: 25%)	(14,320)	(13,710)
Bank Surcharge <sup>1</sup>	(3)	-
Difference in tax rate used for the current and deferred tax	(2)	-
Non-deductible expenses	(169)	(169)
Other adjustments	-	-
Effect of deferred tax rate change in the opening balance	2	(3)
Adjustments in respect of prior years	117	(1,296)
prior year adjustment on deferred tax	-	-
<b>Total tax charge for the year</b>	<b>(14,375)</b>	<b>(15,178)</b>

1. 3% on taxable profit above GBP 100 million for the tax year 2025 (2024: 3%). 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.

## Notes to the Financial Statements

for the year ended 31 December 2025

### Global minimum top-up tax

On 11 July 2023, Finance (No.2) Act 2023 was enacted in the UK, introducing a global minimum effective tax rate of 15.0 per cent imposed by the OECD's Pillar Two Model Rules. The legislation implemented a domestic top-up tax and a multinational top-up tax effective for accounting periods commencing on or after 1 January 2024.

The profits relating to ICBC's operations in the UK for the year ended 31 December 2025 are expected to be subject to an effective tax rate in excess of 15.0 per cent. Therefore, no top-up tax should be allocated to the bank for UK jurisdiction for the year ended 31 December 2025. The bank does not operate in any other jurisdictions outside of UK.

### Consortium relief

There has been no consortium relief for 2025 taxation (2024: \$nil).

## 9. Loans and advances to banks

	2025 \$'000	2024 \$'000
Loans and advances to banks	511,222	934,969
Less: Impairment losses (Note 11)	-	-
<b>Net loans and advances to banks</b>	<b>511,222</b>	<b>934,969</b>

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:

	2025 \$'000	2024 \$'000
- Repayable on demand	436,222	95,770
- Three months or less	75,000	839,199
- Above three months to one year	-	-
- Above one year to five years	-	-
	<b>511,222</b>	<b>934,969</b>

## Notes to the Financial Statements

for the year ended 31 December 2025

Loans and advances to banks by geographical area:

	2025 \$'000	2024 \$'000
<b>Area:</b>		
Australia	3,110	-
China	13,036	396,556
Germany	2,472	3,033
Hong Kong	12,836	20,293
Singapore	731	766
United Kingdom	94,146	477,235
United States	384,078	37,044
Others	813	42
	<b>511,222</b>	<b>934,969</b>

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

	2025 \$'000	2024 \$'000
Amounts include:		
Due from ICBC group entities	<b>247,220</b>	<b>325,262</b>

### 10. Loans and advances to customers

	2025 \$'000	2024 \$'000
Loans and advances to customers	413,561	336,385
Less: Impairment losses (Note 11)	(235)	(129)
<b>Net loans and advances to customers</b>	<b>413,326</b>	<b>336,256</b>

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:

	2025 \$'000	2024 \$'000
- Three months or less	22,299	11,314
- Above three months to one year	263,809	215,373
- Above one year to five years	127,453	109,698
- Above five years	-	-
	<b>413,561</b>	<b>336,385</b>

## Notes to the Financial Statements

for the year ended 31 December 2025

Loans and advances to customers by geographical area:

	2025 \$'000	2024 restated \$'000
<b>Area:</b>		
Switzerland	22,299	11,319
International organisations	50,546	50,376
United Kingdom	308,050	274,690
Sweden	32,666	-
	<b>413,561</b>	<b>336,385</b>

International Organisations comprises multilateral organisations such as Multilateral Development Banks.

The Bank decided to present exposures to Multilateral Organisations as a separate line instead of host country exposure and comparatives have been restated accordingly.

### 11. Impairment loss

The total impairment loss in the Profit and Loss Account was \$52k in 2025. (2024: reversed \$312k). The breakdown of impairment losses is set out below:

#### i. Loans and advances at amortised cost

	Loan & advances to customers				Total \$'000
	Loan & advances to banks				
	Stage 1 \$'000	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	
<b>Balance at 1 January 2024</b>	<b>31</b>	<b>355</b>	-	-	<b>386</b>
(Reversed)/charged during the year	(31)	(225)	-	-	<b>(256)</b>
FX translation gain/(loss)	-	(1)	-	-	<b>(1)</b>
<b>Balance at 31 December 2024</b>	<b>-</b>	<b>129</b>	-	-	<b>129</b>
<b>Balance at 1 January 2025</b>	-	<b>129</b>	-	-	<b>129</b>
(Reversed)/charged during the year	-	101	-	-	<b>101</b>
FX translation (loss)/gain	-	5	-	-	<b>5</b>
<b>Balance at 31 December 2025</b>	<b>-</b>	<b>235</b>	-	-	<b>235</b>

## Notes to the Financial Statements

for the year ended 31 December 2025

### ii. Financial investments at amortised cost

	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
<b>Balance at 1 January 2024</b>	<b>44</b>	-	-	<b>44</b>
(Reversed)/charged during the year	(42)	-	-	(42)
FX translation gain/(loss)	(0)	-	-	(0)
<b>Balance at 31 December 2024</b>	<b>2</b>	-	-	<b>2</b>

<b>Balance at 1 January 2025</b>	<b>2</b>	-	-	<b>2</b>
(Reversed)/charged during the year	1	-	-	1
FX translation gain/(loss)	-	-	-	-
<b>Balance at 31 December 2025</b>	<b>3</b>	-	-	<b>3</b>

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

	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
<b>Balance at 1 January 2024</b>	<b>140</b>	-	-	<b>140</b>
(Reversed)/charged during the year	(115)	-	-	(115)
FX translation gain/(loss)	(1)	-	-	(1)
<b>Balance at 31 December 2024</b>	<b>24</b>	-	-	<b>24</b>

<b>Balance at 1 January 2025</b>	<b>24</b>	-	-	<b>24</b>
(Reversed)/charged during the year	(8)	-	-	(8)
FX translation gain/(loss)	1	-	-	1
<b>Balance at 31 December 2025</b>	<b>17</b>	-	-	<b>17</b>

### iv. Undrawn loan commitments and guarantees

	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
<b>Balance at 1 January 2024</b>	<b>1</b>	-	-	<b>1</b>
(Reversed)/charged during the year	75	26	-	101
FX translation gain	1	-	-	1
<b>Balance at 31 December 2024</b>	<b>77</b>	<b>26</b>	-	<b>103</b>

<b>Balance at 1 January 2025</b>	<b>77</b>	<b>26</b>	-	<b>103</b>
(Reversed)/charged during the year	(14)	(28)	-	(42)
FX translation loss	1	2	-	3
<b>Balance at 31 December 2025</b>	<b>64</b>	-	-	<b>64</b>

## Notes to the Financial Statements

for the year ended 31 December 2025

### 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.

	2025		2024	
	Derivatives financial assets \$'000	Derivatives financial liabilities \$'000	Derivatives financial assets \$'000	Derivatives financial liabilities \$'000
Foreign Exchange Swap	-	(2,245)	255	-
	-	(2,245)	255	-

Derivatives financial instruments - FX swap matures on 02 January 2026.

### 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.

	2025 \$'000	2024 \$'000
<b>Balance at 1 January</b>	<b>313,176</b>	<b>251,961</b>
Additions	66,146	219,200
Disposals/ Matured	(78,687)	(158,489)
Fair value adjustment	5,190	5,430
Premium/ Discount amortisation	1,472	(1,208)
Foreign exchange (loss)/gain	13,699	(3,718)
<b>Balance at 31 December</b>	<b>320,996</b>	<b>313,176</b>

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

	2025 \$'000	2024 \$'000
Analysed by maturity:		
- Due within one year	41,775	-
- Due after one year	279,221	313,176
	<b>320,996</b>	<b>313,176</b>
Analysed by issuers:		
- Issued by public bodies(government)	-	-
- Issued by other issuers	320,996	313,176
	<b>320,996</b>	<b>313,176</b>

## Notes to the Financial Statements

for the year ended 31 December 2025

### 14. Financial investments at amortised cost

	2025 \$'000	2024 \$'000
<b>Balance at 1 January</b>	<b>27,179</b>	<b>68,805</b>
Additions	140,555	27,117
Matured during the year	(131,067)	(68,847)
Premium/ Discount amortisation	465	3
Foreign exchange difference	(1,327)	57
<b>Balance at 31 December</b>	<b>35,805</b>	<b>27,179</b>
Impairment loss ( Note 11)	(2)	(2)
<b>Net balance at 31 December</b>	<b>35,803</b>	<b>27,177</b>

### 15. Tangible fixed assets

2025

	Land \$'000	Building \$'000	Office furniture and equipment \$'000	Computers \$'000	Leasehold improvement \$'000	Total \$'000
<b>Original cost:</b>						
At 1 January 2025	2,785	45,485	2,431	2,285	1,184	54,170
Additions	-	-	322	316	-	638
<b>At 31 December 2025</b>	<b>2,785</b>	<b>45,485</b>	<b>2,753</b>	<b>2,601</b>	<b>1,184</b>	<b>54,808</b>
<b>Accumulated depreciation:</b>						
At 1 January 2025	-	18,679	2,379	2,000	1,184	24,242
Depreciation for the year	-	835	91	180	-	1,106
<b>At 31 December 2025</b>	<b>-</b>	<b>19,514</b>	<b>2,470</b>	<b>2,180</b>	<b>1,184</b>	<b>25,348</b>
<b>Net book value:</b>						
<b>At 31 December 2025</b>	<b>2,785</b>	<b>25,971</b>	<b>283</b>	<b>421</b>	<b>-</b>	<b>29,460</b>
<b>At 31 December 2024</b>	<b>2,785</b>	<b>26,806</b>	<b>52</b>	<b>285</b>	<b>-</b>	<b>29,928</b>

## Notes to the Financial Statements

for the year ended 31 December 2025

2024

	Land \$'000	Building \$'000	Office furniture and equipmen t \$'000	Computer s \$'000	Leasehold improven t \$'000	Total \$'000
<b>Original cost:</b>						
At 1 January 2024	2,785	45,485	2,404	1,980	1,184	53,838
Additions	-	-	27	305	-	332
<b>At 31 December 2024</b>	<b>2,785</b>	<b>45,485</b>	<b>2,431</b>	<b>2,285</b>	<b>1,184</b>	<b>54,170</b>
<b>Accumulated depreciation:</b>						
At 1 January 2024	-	17,841	2,345	1,799	1,184	23,169
Depreciation for the year	-	838	34	201	-	1,073
		<b>18,679</b>	<b>2,379</b>	<b>2,000</b>	<b>1,184</b>	<b>24,242</b>
<b>At 31 December 2024</b>						
<b>Net book value:</b>	2,785	26,806	52	285	-	29,928
<b>At 31 December 2023</b>	<b>2,785</b>	<b>27,644</b>	<b>59</b>	<b>181</b>	<b>-</b>	<b>30,669</b>

### 16. Intangible fixed assets

	2025 \$'000	2024 \$'000
<b>Original Cost:</b>		
At 1 January	1,185	1,070
Additions	126	115
<b>At 31 December</b>	<b>1,311</b>	<b>1,185</b>
<b>Amortisation</b>		
At 1 January	965	884
Amortisation for the year	102	81
<b>At 31 December</b>	<b>1,067</b>	<b>965</b>
<b>Net book value:</b>		
<b>At 31 December</b>	<b>244</b>	<b>220</b>

### 17. Prepayments, accrued income and other assets

	2025 \$'000	2024 \$'000
Accrued interest receivable	7,424	6,611
Prepayments	2,122	1,889
Other assets	10,264	7,177
<i>:Of which amount owed by ICBC group undertakings</i>	9,798	6,773
	<b>19,810</b>	<b>15,677</b>

## Notes to the Financial Statements

for the year ended 31 December 2025

### 18. Deferred tax assets and liabilities

	2025 \$'000	2024 \$'000
Deferred tax asset/(liabilities) included in the Balance Sheet comprise the following:		
Accelerated capital allowances	(1,560)	(1,459)
Other timing differences	(685)	619
	<b>(2,245)</b>	<b>(840)</b>
Movements in deferred tax assets/(liabilities) during the year were as follows:		
<b>Balance at 1 January</b>	<b>(840)</b>	<b>569</b>
Effect of tax rate change in opening balances recognised in P/L	2	-
Effect of tax rate change in opening balances recognised to Other Comprehensive Income	-	49
Recognised in the Profit and Loss Account	(110)	(3)
Recognised in Other Comprehensive Income	(1,297)	(1,357)
<b>Balance at 31 December</b>	<b>(2,245)</b>	<b>(840)</b>
<b>Deferred tax asset balance at 31 December</b>	<b>614</b>	<b>614</b>
<b>Deferred tax liability balance at 31 December</b>	<b>(2,859)</b>	<b>(1,454)</b>

### 19. Deposits by banks

	2025 \$'000	2024 \$'000
<b>Repayable:</b>		
- On demand	1,373,310	586,807
- Three months or less	248,807	220,519
- Above three months to one year	-	167,376
- Above one year to five years	-	-
	<b>1,622,117</b>	<b>974,702</b>

### 20. Customer accounts

	2025 \$'000	2024 \$'000
<b>Repayable:</b>		
- On demand	160,911	163,468
- Three months or less	-	2,157
- Above three months to one year	-	-
- Above one year	-	-
	<b>160,911</b>	<b>165,625</b>

## Notes to the Financial Statements

for the year ended 31 December 2025

### 21. Accruals and deferred Income

	2025 \$'000	2024 \$'000
Accrued interest payable	1,924	3,121
<b>Balance at 31 December</b>	<b>1,924</b>	<b>3,121</b>

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

### 22. Share capital

	2025 \$'000	2024 \$'000
Authorised share capital, ordinary shares of \$1 each		
<b>Balance at 31 December</b>	<b>250,000</b>	<b>250,000</b>
Allotted, called-up and fully-paid, 200,000,000 ordinary shares of \$1 each:		
<b>Balance at 31 December</b>	<b>200,000</b>	<b>200,000</b>

### 23. Provision for Liabilities

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

### 24. Memorandum items – Commitments

	2025 \$'000	2024 \$'000
Undrawn documentary credits and short-term trade related transactions	-	6,602
Undrawn loans and advances	100,968	200,925
<b>Balance at 31 December</b>	<b>100,968</b>	<b>207,527</b>

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 (2024: \$nil).

## Notes to the Financial Statements

for the year ended 31 December 2025

### 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:

	2025	2024
	\$'000	restated \$'000
<b>Balance sheet</b>		
<b>Assets</b>		
Loans and advances to banks	2,030	300
Prepayments, accrued income and other assets	-	-
Derivative financial Instruments	-	255
<b>Liabilities</b>		
Derivative financial Instruments	1,315	-
Deposits by banks	293	647
Other liabilities	-	-
<b>Notional amount of derivatives outstanding</b>	<b>149,284</b>	<b>19,673</b>
<b>Profit and loss account</b>		
Interest receivable	1	-
Fees and commissions receivable	2	2
Dealing profits/(losses)	(1,570)	190
Impairment allowance (release)/charge	-	-

The notional amount of derivatives has been restated as it was omitted in the prior year.

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, 19.70%-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)

## Notes to the Financial Statements

for the year ended 31 December 2025

### 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.

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

2025	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets at FVTPL</b>	-	-	-	-
<b>Financial investments at FVOCI:</b>	-	-	-	-
Other debt securities	320,996	-	-	<b>320,996</b>
	<b>320,996</b>	-	-	<b>320,996</b>
<b>Financial Liability at FVTPL</b>	-	2,245	-	2,245
<b>Financial investments at FVOCI:</b>	-	-	-	-
Other debt securities	-	-	-	-
	-	<b>2,245</b>	-	<b>2,245</b>

## Notes to the Financial Statements

for the year ended 31 December 2025

2024	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets at FVTPL</b>	-	255	-	255
<b>Financial investments at FVOCI:</b>				
Other debt securities	313,176	-	-	<b>313,176</b>
	<b>313,176</b>	<b>255</b>	-	<b>313,431</b>
<b>Financial Liability at FVTPL</b>	-	-	-	-
<b>Financial investments at FVOCI:</b>	-	-	-	-
Other debt securities	-	-	-	-
	-	-	-	-

### 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.

2025

	Fair value through profit or loss	Fair value through other comprehensive income	Financial assets and liabilities at amortised cost	Total
	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>				
Cash and balances at central banks	-	-	1,062,471	1,062,471
Loans and advances to banks	-	-	511,222	511,222
Loans and advances to customers	-	-	413,326	413,326
Derivative financial instruments	-	-	-	-
Financial Investments at FVOCI	-	320,996	-	320,996
Financial investments at amortised cost	-	-	35,803	35,803
<b>Total assets</b>	-	<b>320,996</b>	<b>2,022,822</b>	<b>2,343,818</b>
<b>Liabilities</b>				
Deposits by banks	-	-	1,622,117	1,622,117
Customer accounts	-	-	160,911	160,911
Derivative financial instruments	2,245	-	-	2,245
<b>Total liabilities</b>	<b>2,245</b>	-	<b>1,783,028</b>	<b>1,785,273</b>

## Notes to the Financial Statements

for the year ended 31 December 2025

2024

	Fair value through profit and loss <i>\$'000</i>	Fair value through other comprehensive income <i>\$'000</i>	Financial assets and liabilities at amortised cost <i>\$'000</i>	Total <i>\$'000</i>
<b>Assets</b>				
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
Financial investments at amortised cost	-	-	27,177	27,177
<b>Total assets</b>	<b>255</b>	<b>313,176</b>	<b>1,342,259</b>	<b>1,655,690</b>
<b>Liabilities</b>				
Deposits by banks	-	-	974,702	974,702
Customer accounts	-	-	165,625	165,625
Derivative financial instruments	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>1,140,327</b>	<b>1,140,327</b>

### 27. Cash and cash equivalents

	2025 <i>\$'000</i>	2024 <i>\$'000</i>
Cash balance	-	-
Balance with central bank	1,062,471	43,857
Balances with other banks	436,222	95,770
	<b>1,498,693</b>	<b>139,627</b>

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.

The amount of cash and cash equivalents held by the Bank that are not available for use by the Bank is \$2.25m (2024:\$0.44m).

## Notes to the Financial Statements

for the year ended 31 December 2025

### 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 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.

## Notes to the Financial Statements

for the year ended 31 December 2025

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.

### 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 Management 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.

## Notes to the Financial Statements

for the year ended 31 December 2025

### 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.

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, a majority of assets have a short remaining maturity and 82.17% 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 15% 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.

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for the year ended 31 December 2025

ICBC plc total 2025	Stage 1		Stage 2		Stage 3		Total	
PD Range	Financial assets	ECL	Financial assets	ECL	Financial assets	ECL	Financial assets	ECL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Loans and advances to banks</b>								
RB1	511,223	-	-	-	-	-	511,223	-
RB2	-	-	-	-	-	-	-	-
RB3	-	-	-	-	-	-	-	-
RB4	-	-	-	-	-	-	-	-
RB5	-	-	-	-	-	-	-	-
RB6	-	-	-	-	-	-	-	-
RB7	-	-	-	-	-	-	-	-
RB8	-	-	-	-	-	-	-	-
RB9	-	-	-	-	-	-	-	-
RB10	-	-	-	-	-	-	-	-
RB11	-	-	-	-	-	-	-	-
RB12	-	-	-	-	-	-	-	-
Total loans and advances to banks	511,223	-	-	-	-	-	511,223	-
ECL coverage wholesale	0.00%	-	-	-	-	-	0.00%	-
<b>Loans and advances to customers</b>								
RB1	-	-	-	-	-	-	-	-
RB2	22,300	1	-	-	-	-	22,300	1
RB3	56,344	19	-	-	-	-	56,344	19
RB4	173,663	33	-	-	-	-	173,663	33
RB5	67,112	128	-	-	-	-	67,112	128
RB6	-	-	-	-	-	-	-	-
RB7	-	-	-	-	-	-	-	-
RB8	94,143	54	-	-	-	-	94,143	54
RB9	-	-	-	-	-	-	-	-
RB10	-	-	-	-	-	-	-	-
RB11	-	-	-	-	-	-	-	-
RB12	-	-	-	-	-	-	-	-
Total loans and advances to customers	413,562	236	-	-	-	-	413,562	236
ECL coverage wholesale	0.06%	-	-	-	-	-	0.06%	-
<b>Financial investments at amortised cost</b>								
RB1	35,804	1	-	-	-	-	35,804	1
RB2	-	-	-	-	-	-	-	-
RB3	-	-	-	-	-	-	-	-
RB4	-	-	-	-	-	-	-	-
RB5	-	-	-	-	-	-	-	-
RB6	-	-	-	-	-	-	-	-
RB7	-	-	-	-	-	-	-	-
RB8	-	-	-	-	-	-	-	-
RB9	-	-	-	-	-	-	-	-
RB10	-	-	-	-	-	-	-	-
RB11	-	-	-	-	-	-	-	-
RB12	-	-	-	-	-	-	-	-
Total financial investments at amortised cost	35,804	1	-	-	-	-	35,804	1
ECL coverage wholesale	0.00%	-	-	0.00%	-	-	0.00%	-
<b>Financial investments at FVOCI</b>								
RB1	306,167	14	-	-	-	-	306,167	14
RB2	14,830	4	-	-	-	-	14,830	4
RB3	-	-	-	-	-	-	-	-
RB4	-	-	-	-	-	-	-	-
RB5	-	-	-	-	-	-	-	-
RB6	-	-	-	-	-	-	-	-
RB7	-	-	-	-	-	-	-	-
RB8	-	-	-	-	-	-	-	-
RB9	-	-	-	-	-	-	-	-
RB10	-	-	-	-	-	-	-	-
RB11	-	-	-	-	-	-	-	-
RB12	-	-	-	-	-	-	-	-
Total financial investments at FVOCI	320,997	18	-	-	-	-	320,997	18
ECL coverage wholesale	0.01%	-	-	-	-	-	0.01%	-

## Notes to the Financial Statements

for the year ended 31 December 2025

Undrawn commitments and guarantees								
RB1	-	-	-	-	-	-	-	-
RB2	-	-	-	-	-	-	-	-
RB3	-	-	-	-	-	-	-	-
RB4	100,956	64	-	-	-	-	100,956	64
RB5	12	-	-	-	-	-	12	-
RB6	-	-	-	-	-	-	-	-
RB7	-	-	-	-	-	-	-	-
RB8	-	-	-	-	-	-	-	-
RB9	-	-	-	-	-	-	-	-
RB10	-	-	-	-	-	-	-	-
RB11	-	-	-	-	-	-	-	-
RB12	-	-	-	-	-	-	-	-
Total undrawn commitments and guarantees	100,968	64	-	-	-	-	100,968	64
ECL coverage wholesale	0.06%	0	-	-	-	-	0.06%	-

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
<b>Loans and advances to banks</b>								
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%	-

<b>Loans and advances to customers</b>								
RB1	11,319	1	-	-	-	-	11,319	1
RB2	57,092	47	-	-	-	-	57,092	47
RB3	219,208	1	(13)	-	-	-	219,195	1
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%	-

<b>Financial investments at amortised cost</b>								
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%	-

## Notes to the Financial Statements

for the year ended 31 December 2025

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	-	-	-	-	-	-	-	-
<b>Total financial investments at FVOCI</b>	<b>313,177</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>313,177</b>	<b>25</b>
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	-	-	-	-	-	-	-	-
<b>Total undrawn commitments and guarantees</b>	<b>144,875</b>	<b>76</b>	<b>62,653</b>	<b>26</b>	<b>-</b>	<b>-</b>	<b>207,528</b>	<b>102</b>
ECL coverage wholesale	0.050%	-	-	-	-	-	-	-

### Purchased or originated credit-impaired financial assets

The purchased or originated credit-impaired financial assets was \$nil in 2025 (2024: \$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 2025:

	2025			2024		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Average LGD	17.22%	-	-	17.46%	29.79%	-
Average 12 month PD	0.24%	-	-	0.14%	0.33%	-
Average lifetime PD	-	-	-	-	-	-
Average Loan to Value ratio(LTV ratio) (Commercial Real Estate loans only)	66.67%	-	-	69.67%	-	-

The accounting policies 1.8.1.2 (Page 31) outline the detail accounting policies for the impairment of financial assets.

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for the year ended 31 December 2025

### 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.
- 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 crystallised or are where there is a high chance they will crystallise.
- 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.

## Notes to the Financial Statements

for the year ended 31 December 2025

- 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 2025	Stage 1		Stage 2		Stage 3		Total	
	Financial assets	ECL	Financial assets	ECL	Financial assets	ECL	Financial assets	ECL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2025	1,756,599	232	62,639	26	-	-	1,819,238	258
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)	-	37	-	-	-	-	-	37
Changes in net exposure	(413,090)	43	(58,047)	(28)	-	-	(471,137)	15
Other (P&L only items)	-	-	-	-	-	-	-	-
Amount written-off	-	-	-	-	-	-	-	-
Foreign exchange	39,045	7	(4,592)	2	-	-	34,453	9
Other ECL movements	-	-	-	-	-	-	-	-
At 31 December 2025	1,382,554	319	-	-	-	-	1,382,554	319
Net carrying amount	1,382,235	-	-	-	-	-	1,382,235	-
Profit and loss account ECL charge	-	52	-	-	-	-	-	52

Note that cash and cash equivalents which are repayable on demand are not included in the above analysis because they have \$nil (2024: \$nil) ECL movement during the year.

ICBC plc total 2024	Stage 1		Stage 2		Stage 3		Total	
	Financial assets	ECL	Financial assets	ECL	Financial assets	ECL	Financial assets	ECL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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	-	-	-	-	-	-	-	-
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 release	-	-	-	-	-	-	-	-

During 2025, ECL increased 24% (2024: decreased 55% ) to \$319k (2024: \$258k) as a result of allocating 10% weighting from moderate downside scenario to severe downside scenario. The Bank has no stage 2 and stage 3 credit exposure by the end of the year.

## Notes to the Financial Statements

for the year ended 31 December 2025

### 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.

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 \$235 million as at 31 December 2025 (2024: \$220 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 \$2,445 million as at 31 December 2025 (2024: \$1,826 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 \$352 million in 2025 (2024: \$316 million).

	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%	60,521	-	-	-	-	-	60,521	-
≥60% and < 70%	80,694	-	-	-	-	-	80,694	-
≥70% and < 80%	-	-	-	-	-	-	-	-
≥80% and < 90%	94,143	54	-	-	-	-	94,143	-
<b>Total</b>	<b>235,358</b>	<b>54</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>235,358</b>	<b>-</b>

Collateral held on loans and advances as of 31 December 2025

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	235,358	-	235,358	346,298	-	346,298	-	-	-
<b>Total</b>	<b>235,358</b>	<b>-</b>	<b>235,358</b>	<b>346,298</b>	<b>-</b>	<b>346,298</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Notes to the Financial Statements

for the year ended 31 December 2025

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

Collateral held on loans and advances as of 31 December 2024

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	219,284	-	219,284	318,816	-	318,816	-	-	-
<b>Total</b>	<b>219,284</b>	<b>-</b>	<b>219,284</b>	<b>318,816</b>	<b>-</b>	<b>318,816</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 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 Management Department for their reasonableness. The economic forecasts cover five future years, which is two years beyond the Bank's three-year planning horizon. Data for the two additional years 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 four economic scenarios: a base case, an upside, a moderate downside and a severe downside.

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

	2025				2024			
	Base	Upside	Moderate Downside	Severe Downside	Base	Upside	Moderate Downside	Severe Downside
Scenario probability weighting	40%	30%	20%	10%	40%	30%	30%	0%

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.

## Notes to the Financial Statements

for the year ended 31 December 2025

The tables below illustrate some of the more significant inputs under all modeled scenarios. The most significant change in the central scenario compared to the previous period was in interest rates (in the UK and EU), which was largely driven by the instability in the geopolitical climate.

Economic scenarios inputs for Asset class 31.12.2025

Regions Economic Parameters	UK				EU		US	China
	Inflation Rate %	QGDG growth %	HPI increase %	STInterest %	GDP Increase %	Interest EU %	GDP Increase %	GDP Increase %
<b>Base Case Scenario economic parameters</b>								
5 year average	0.51	0.38	0.54	2.81	3.44	3.07	4.31	4.22
Cumulative growth to peak	0.11	0.08	0.11	0.77	0.77	0.64	0.96	0.97
<b>Upside Scenario economic parameters</b>								
5 year average	0.52	0.57	0.92	2.97	3.94	3.36	4.83	4.92
Cumulative growth to peak	0.11	0.12	0.24	0.82	0.86	0.73	1.10	1.16
<b>Downside Scenario economic parameters</b>								
5 Year Average	0.25	0.18	-0.26	1.64	2.41	2.27	3.47	3.01
Cumulative growth/(fall) to peak/(trough)	0.05	0.04	-0.01	0.40	0.57	0.42	0.76	0.76
<b>Severe Downside Scenario economic parameters</b>								
5 Year Average	0.15	0.16	-0.89	1.04	1.79	1.65	2.65	1.75
Cumulative growth/(fall) to peak/(trough)	0.03	0.03	-0.02	0.24	0.42	0.25	0.48	0.45

Economic scenarios inputs for Asset class 31.12.2024

Regions Economic Parameters	UK				EU		US	China
	Inflation Rate %	QGDG growth %	HPI increase %	STInterest %	GDP Increase %	Interest EU %	GDP Increase %	GDP Increase %
<b>Base Case Scenario economic parameters</b>								
5 year average	0.55	0.43	0.62	3.08	3.51	2.89	4.32	4.32
Cumulative growth to peak	0.00	0.00	0.01	0.00	0.55	0.42	0.69	0.65
<b>Upside Scenario economic parameters</b>								
5 year average	0.55	0.62	1.00	3.18	4.15	3.11	4.87	5.19
Cumulative growth to peak	0.00	0.01	0.05	0.00	0.63	0.46	0.80	0.81
<b>Downside Scenario economic parameters</b>								
5 Year Average	0.30	0.22	-0.17	2.08	2.03	2.03	3.12	2.54
Cumulative growth/(fall) to peak/(trough)	0.06	0.04	-0.01	0.53	0.35	0.25	0.50	0.41

## Notes to the Financial Statements

for the year ended 31 December 2025

Main macroeconomic variables

UK GDP(growth)	Base Case %	Upside %	Downside %	Severe Downside %
2026	1.07	4.60	-4.21	-5.11
2027	1.51	1.82	1.72	0.51
2028	1.59	1.60	2.63	3.68
2029	1.78	1.88	1.77	2.41
2030	1.83	2.13	1.68	1.63

China GDP(growth)	Base Case %	Upside %	Downside %	Severe Downside %
2026	4.41	6.21	-0.66	-2.99
2027	3.99	5.32	0.63	-1.37
2028	3.85	4.15	4.01	2.80
2029	4.42	4.47	5.59	4.82
2030	4.43	4.43	5.47	5.48

### 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, moderate downside and severe downside) were weighted 100% instead of applying scenario probability weights.

Measurement uncertainty and ECL sensitivity analysis as of 31/12/2025 in \$'000	2025				2024		
	Base Case (40%)	Upside (30%)	Downside (20%)	Severe Downside (10%)	Base Case (40%)	Upside (30%)	Downside (30%)
Stage 1 modelled exposure (\$'000)	1,382,554	1,382,554	1,382,554	1,382,554	1,819,238	1,819,238	1,819,238
Stage 1 modelled ECL (\$'000)	288	232	409	485	213	198	294
Stage 1 coverage (%)	0.02%	0.02%	0.03%	0.04%	0.01%	0.01%	0.01%
Stage 2 modelled exposure (\$'000)	-	-	-	-	-	-	-
Stage 2 modelled ECL (\$'000)	-	-	-	-	28	25	26
Stage 2 coverage (%)	-	-	-	-	-	-	-
Stage 1 and Stage 2 modelled exposure (\$'000)	1,382,554	1,382,554	1,382,554	1,382,554	1,819,238	1,819,238	1,819,238
Stage 1 and Stage 2 modelled ECL (\$'000)	288	232	409	485	241	223	319
Stage 1 and Stage 2 coverage (%)	0.02%	0.02%	0.03%	0.04%	0.01%	0.01%	0.02%
Total ECL	288	232	409	485	241	223	319
(Upside) /Downside to Base Case Variance - Total ECL	-	(56)	121	197	-	(18)	79

The ECL of downside and severe downside is \$121k (2024: \$79k) and \$197k more than that of the base case respectively, due to the macroeconomics prediction for US and global region which have significant impact on the ECL model.

## Notes to the Financial Statements

for the year ended 31 December 2025

The moderate and severe downside scenario reflects the impact of US tariffs on the global economy are significantly worse than expected and the geopolitical situation such as conflicts between Russia-Ukraine and the tension in Middle-East increases. Both events are causing disruptions to global trade flows giving rise to supply chain issues. The threat of a wider war causes consumer and business confidence to fall, with domestic demand particularly limp in the UK. The worsening geopolitical situation also heightens global political tensions, with intensifying domestic political risk in the euro zone pressuring sovereigns. The combination of tariffs, rising political tensions, still-high inflation, still-elevated interest rates, and reduced credit availability causes global equity markets to sell off.

### 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 2025. Write off amount in 2024 was also nil.

### Expected credit losses – how it is used

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 operating location.

Total credit exposures in 2025 decreased by 24.00% (2024: 29.72% increase) largely on the back of a substantial decrease in our exposure to UK and China. Our exposures have diversified across regions, primarily to highly rated banks in North America and Multilateral Development Banks. These assets are of good quality, with a low probability of defaults. Exposure are within the country risk limit set in our risk appetite policy

Geography	2025				2024			
	Gross carrying amount \$'000	ECL \$'000	Net carrying amount \$'000	% of Total %	Gross carrying amount \$'000	ECL \$'000	Net carrying amount \$'000	% of Total %
China	48,840	1	48,839	3.5%	915,700	5	915,695	50.3%
UK	436,603	202	436,402	31.6%	406,850	117	406,733	22.4%
Australia	3,110	-	3,110	0.2%	-	-	-	-
Europe	177,963	85	177,878	12.9%	166,384	81	166,303	9.1%
International Organizations*	318,359	31	318,328	23.0%	274,103	55	274,048	15.1%
Africa	-	-	-	-	-	-	-	-
Middle East	-	-	-	0.0%	-	-	-	-
North America	384,078	-	384,078	27.8%	35,908	-	35,908	2.0%
Asia (Exclude China)	13,601	-	13,601	1.0%	20,293	-	20,293	1.1%
<b>Total</b>	<b>1,382,554</b>	<b>319</b>	<b>1,382,235</b>	<b>100%</b>	<b>1,819,238</b>	<b>258</b>	<b>1,818,980</b>	<b>100%</b>

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

## Notes to the Financial Statements

for the year ended 31 December 2025

### Sector Exposure

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

Sector	2025				2024			
	Gross carrying amount \$'000	ECL \$'000	Net carrying amount \$'000	% of Total %	Gross carrying amount \$'000	ECL \$'000	Net carrying amount \$'000	% of Total %
Financial And Insurance Activities	903,739	34	903,705	65.4	1,271,033	58	1,270,975	69.9
Electricity, Gas, Steam And Air Conditioning Supply	5,798	1	5,797	0.4	69,510	27	69,483	3.8
Construction	100,575	146	100,429	7.3	93,501	87	93,414	5.1
Wholesale And Retail Trade; Repair Of Motor Vehicles And Motorcycles	22,300	1	22,299	1.6	46,112	8	46,104	2.5
Real Estate Activities	235,312	54	235,258	17.0	219,208	1	219,207	12.1
Information And Communication	14,830	4	14,826	1.1	19,874	7	19,867	1.1
Manufacturing	100,000	79	99,921	7.2	100,000	70	99,930	5.5
Total	1,382,554	319	1,382,235	100.00	1,819,238	258	1,818,980	100.00

Whilst there is a good diversification of assets in 2025, we are also mindful of the significant exposures to Financial And Insurance Activities. The exposure to Financial And Insurance Activities has decreased from 69.6% in 2024 to 65.4% in 2025. The banks are all investment grade counterparties and some of the exposures are also HQLA.

### Stage 2 analysis

There is no stage 2 exposure as at the 31 December 2025 (2024: \$63 million).

#### 2024

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 2025, no counterparty placed on "watch list" based on the quantitative and qualitative criteria described in the note above. In contrast, there was one customer on "watch list" in 2024 amount of \$63 million.

## 30. Liquidity and Funding risk

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

The Bank identifies, measures, manages and monitors liquidity and funding risks across different time horizons; it conducts liquidity stress testing supported by documented policies and procedures. Clear responsibilities are allocated, appropriate systems and controls are maintained to ensure that both the liquidity position and funding profile are at all times consistent with the Risk Appetite Policy approved by the Board.

## Notes to the Financial Statements

for the year ended 31 December 2025

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

### Financial assets

2025

\$ '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
<b>Non derivatives financial assets</b>								
Cash and balances at central banks	1,062,471	-	-	-	-	-	1,062,471	1,062,471
Loans and advances to banks	511,244	-	-	-	-	-	511,244	511,222
Loans and advances to customers	33,931	23,297	227,819	5,937	131,820	-	422,804	413,326
Financial investments*	36,061	29,145	15,030	1,942	279,714	-	361,892	356,799
<b>Derivative financial assets</b>								
Cash inflows	-	-	-	-	-	-	-	-
Cash outflows	-	-	-	-	-	-	-	-
	<b>1,643,707</b>	<b>52,442</b>	<b>242,849</b>	<b>7,879</b>	<b>411,534</b>	<b>-</b>	<b>2,358,411</b>	<b>2,343,818</b>

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

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
<b>Non derivatives financial assets</b>								
Cash and balances at central banks	43,857	-	-	-	-	-	43,857	43,857
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
<b>Derivative financial assets</b>								
Cash inflows	89,295	-	-	-	-	-	89,295	-
Cash outflows	89,229	-	-	-	-	-	89,229	-
	<b>1,158,365</b>	<b>40,895</b>	<b>164,946</b>	<b>96,376</b>	<b>396,448</b>	<b>-</b>	<b>1,857,031</b>	<b>1,655,690</b>

## Notes to the Financial Statements

for the year ended 31 December 2025

### Financial Liabilities

2025

\$ '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
<b>Non derivatives liabilities</b>								
Deposits by banks	1,371,432	252,190	-	-	-	-	1,623,622	1,622,117
Customer accounts	161,046	-	-	-	-	-	161,046	160,911
<b>Derivative financial liabilities</b>								
Cash inflows	300,355	-	-	-	-	-	300,355	-
Cash outflows	302,603	-	-	-	-	-	302,603	-
	<b>2,135,436</b>	<b>252,190</b>	-	-	-	-	<b>2,387,626</b>	<b>1,785,273</b>
Undrawn documentary credits	-	-	-	-	-	-	-	-
Undrawn loan commitments	-	-	-	67,333	33,635	-	100,968	100,968
	<b>2,135,436</b>	<b>252,190</b>	-	<b>67,333</b>	<b>33,635</b>	-	<b>2,488,594</b>	<b>1,886,241</b>

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
<b>Non derivatives liabilities</b>								
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
<b>Derivative financial liabilities</b>								
Cash inflows	-	-	-	-	-	-	-	-
Cash outflows	-	-	-	-	-	-	-	-
	<b>751,193</b>	<b>226,581</b>	<b>17,911</b>	<b>152,081</b>	-	-	<b>1,147,766</b>	<b>1,140,327</b>
Undrawn documentary credits	-	-	-	-	-	-	-	6,602
Undrawn loan commitments	-	31,326	-	-	176,201	-	207,528	207,528
	<b>751,193</b>	<b>257,907</b>	<b>17,911</b>	<b>152,081</b>	<b>176,201</b>	-	<b>1,355,294</b>	<b>1,354,457</b>

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 2025, the Bank held highly liquid assets of \$1.37 billion. Similarly, the liquidity coverage ratio was 144% (2024: 175%) as at 31 December 2025, significantly above the regulatory requirement. The Bank also monitors its Net Stable Funding Ratio (NSFR) which stood at 173% (2024:149%) at the end of the year.

The Bank maintained \$6.33 million as an initial and variation margin for derivative clearing as at 31 December 2025 (2024: \$0.44 million).

## Notes to the Financial Statements

for the year ended 31 December 2025

### 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 2025, the foreign currency exposure was within limits at all times. As at 31 December 2025, FX overnight exposure was \$497k (long) (2024: \$1,264k (long)).

#### 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	2025 (\$)	2024 (\$)
USD appreciates 200 basis points	(1,695)	(18,257)
USD appreciates 400 basis points	(3,942)	(37,260)
USD appreciates 800 basis points	(8,301)	(75,195)
USD depreciates 200 basis points	2,946	19,831
USD depreciates 400 basis points	5,346	38,917
USD depreciates 800 basis points	10,325	77,181

#### Monitoring and management of risk

The Bank sets risk indicators limits to control market risk exposures. These limits are monitored by the Risk Management Department, which is independent risk second line of defence from the first line business departments. Risk Management Department submits regular reports to the Bank's Asset and Liability Committee and Risk & Compliance Committee. These Committees review all the market risk indicators and the stress scenarios, and take any necessary decisions. Risk Management Department also submits weekly, monthly and quarterly 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.

## Notes to the Financial Statements

for the year ended 31 December 2025

### 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 2025 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

2025

\$ '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
<b>Assets</b>						
Cash balance						
Balance at central bank	1,062,471	-	-	-	-	1,062,471
Loans and advances to banks	511,222	-	-	-	-	511,222
Loans and advances to customers	413,774	-	-	-	(448)	413,326
Financial investments at FVOCI	26,901	14,874	-	279,221	-	320,996
Financial investments at amortised cost	35,803	-	-	-	-	35,803
Fixed and other assets	-	-	-	-	50,128	50,128
<b>Total assets</b>	<b>2,050,172</b>	<b>14,874</b>	<b>-</b>	<b>279,221</b>	<b>49,679</b>	<b>2,393,946</b>
<b>Liabilities</b>						
Deposits by banks	383,240	-	-	-	1,238,877	1,622,117
Customer accounts	16,697	-	-	-	144,214	160,911
Other liabilities	-	-	-	-	19,502	19,502
Shareholder's funds	-	-	-	-	591,416	591,416
<b>Total liabilities and Shareholder's funds</b>	<b>399,937</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,994,008</b>	<b>2,393,946</b>
<b>Interest rate sensitivity gap</b>	<b>1,650,235</b>	<b>14,874</b>	<b>-</b>	<b>279,221</b>	<b>(1,944,329)</b>	<b>-</b>
<b>Cumulative gap</b>	<b>1,650,235</b>	<b>1,665,108</b>	<b>1,665,108</b>	<b>1,944,329</b>	<b>-</b>	<b>-</b>

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

Interest rate increases by 100 basis points	\$'000
Interest rate increases by 200 basis points	14,957
Interest rate decreases by 100 basis points	29,914
Interest rate decreases by 200 basis points	(14,957)
	(29,914)

## Notes to the Financial Statements

for the year ended 31 December 2025

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.

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
<b>Assets</b>						
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
<b>Total assets</b>	<b>1,291,664</b>		<b>40,542</b>	<b>323,229</b>	<b>46,694</b>	<b>1,702,129</b>
<b>Liabilities</b>						
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
<b>Total liabilities and Shareholder's funds</b>	<b>1,122,618</b>	<b>17,709</b>	<b>-</b>	<b>-</b>	<b>561,802</b>	<b>1,702,129</b>
<b>Interest rate sensitivity gap</b>	<b>169,046</b>	<b>(17,709)</b>	<b>40,542</b>	<b>323,229</b>	<b>(515,108)</b>	<b>-</b>
<b>Cumulative gap</b>	<b>169,046</b>	<b>151,337</b>	<b>191,879</b>	<b>515,108</b>	<b>-</b>	<b>-</b>

The table below shows projected changes in the 2024 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	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)

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

for the year ended 31 December 2025

### 33. Country by country reporting

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

2025

United Kingdom	Business	Turnover	Average employees	Profit before tax	Corporate Tax paid	Public subsidies received
		\$ '000		\$ '000	\$ '000	
ICBC (London) plc	Banking	68,820	193	57,255	(15,945)	-

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)	-

The tax on profit for 2025 was \$14,375k (2024: \$15,178k).

### 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 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 Risk & Compliance Committee and the Board. In 2025, the operational loss was \$nil (2024: \$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.

## Notes to the Financial Statements

for the year ended 31 December 2025

### Regulatory capital (unaudited)

	2025	2024
	\$ '000	\$ '000
Share capital	200,000	200,000
Retained earnings	389,312	346,433
Other reserves	2,103	(1,783)
<b>Less: Regulatory adjustments</b>	<b>(567)</b>	<b>(534)</b>
<b>Tier 1 capital</b>	<b>590,848</b>	<b>544,116</b>
<b>Tier 2 capital</b>	<b>-</b>	<b>-</b>
<b>Total capital</b>	<b>590,848</b>	<b>544,116</b>

During the period the Bank was compliant with the applicable capital requirements

### Transitional relief for IFRS 9 – Expected credit losses

There is no IFRS 9 transitional relief in 2025.

In respect of FY2024 and preceding periods since the adaptation of IFRS 9, the Bank had 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 was 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.

**ICBC**  **工银伦敦**

ICBC (London) plc  
81 King William Street  
London EC4N 7BG  
United Kingdom  
[www.icbclondon.com](http://www.icbclondon.com)