

CONSOLIDATED
ANNUAL REPORT



AT A GLANCE

WHO WE ARE

ICBC Standard Bank is a London-based banking specialist focused on providing Commodities and Financial Markets solutions to a global client base. It is jointly owned by ICBC, the world's largest bank by deposits, assets and Tier 1 capital with a 60% stake, and Standard Bank, the pre-eminent Africa-focused financial services group with a 40% stake.



HOW WE OPERATE

Our purpose statement

To serve our clients globally as the Commodities and Financial Markets platform of ICBC and Standard Bank.

Underpinned by our values

| | | | | |
|------------------------|-----------------------|-------------------------|-----------------------|-------------------------|
| INTEGRITY 诚信 | OPENNESS 开放 | EXCELLENCE 卓越 | PRUDENCE 审慎 | INNOVATION 创新 |
|------------------------|-----------------------|-------------------------|-----------------------|-------------------------|

Supported by our nine strategic growth levers

- growing flow business;
- expanding originate-to-distribute capabilities;
- increasing fee-based revenues;
- scaling physical commodities;
- enhancing client productivity;
- improving capital efficiency;
- increasing capital availability;
- diversifying and restructuring funding; and
- driving cost efficiency

OUR 2025 PERFORMANCE

\$724.8m

INCOME AFTER
CREDIT IMPAIRMENTS

2024 - \$569.4m

\$224.9m

NET PROFIT
AFTER TAX

2024 - \$156.5m

13.3%

TIER ONE CAPITAL
ADEQUACY RATIO

2024 - 16.0%

\$37.8bn

TOTAL ASSETS

2024 - \$26.6bn

\$14.9bn

TOTAL RISK WEIGHTED ASSETS

2024 - \$11.5bn

11.3%

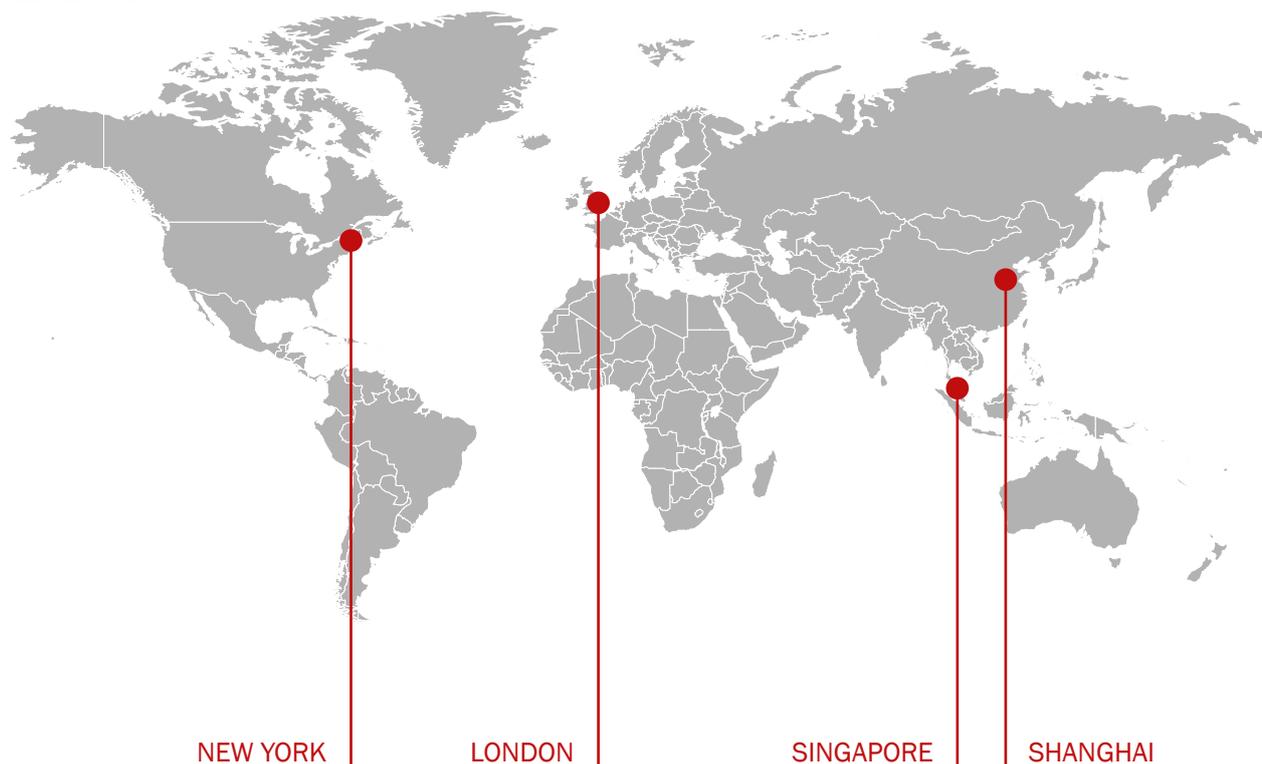
RETURN ON EQUITY

2024 - 8.3%

WHERE WE ARE

Average number of employees for 2025

854



THE CHAIR'S REVIEW AND OUTLOOK

2025 – AN EXCEPTIONAL RESULT AMIDST A CHALLENGING OPERATING ENVIRONMENT

2025 marked a significant milestone for ICBC Standard Bank Plc, being the tenth anniversary of the Change in Control. Over the past decade, the Bank has made substantial progress and continues a growth trajectory, delivering its sixth consecutive year of robust profitability and declaring a dividend of \$61.9 million to shareholders. These achievements were realised against a backdrop of ongoing economic and geopolitical uncertainty and heightened market volatility, underscoring the resilience of the Bank's strategy and business model.



LEADERSHIP AND BOARD CHANGES

Following Wenbin Wang's transition to a new role within ICBC Group, the Board undertook a rigorous process to appoint his successor as Chief Executive. I would like to pay tribute to Wenbin for his exceptional leadership and thank him for his unwavering commitment and dedication to ICBC Standard Bank.

In August, Chong Gao was appointed Chief Executive. Chong brings with him a wealth of experience and a strong track record of delivery, developed through senior leadership roles across ICBC Group. In a relatively short period of time, he has already made a positive impact on the Bank.

Also in August 2025, Judith Eden retired from the Board. I would like to acknowledge her invaluable contribution over nine years, particularly in her roles as Chair of the Board Audit Committee and Senior Independent Director. Garry Jones (Chair of the Board Remuneration and People Committee and Chair of the Board IT Committee) succeeded her as Senior Independent Director, and Julia Goh was appointed Chair of the Board Audit Committee. Julia's UK and international financial services and audit experience position her well for the role and will be of significant benefit to the Board.

LOOKING AHEAD

The Board remains confident in the Bank's strategy and pragmatic five-year plan, which is designed to deliver sustainable year-on-year revenue growth. While we look ahead with optimism, we continue to maintain a prudent approach to capital and liquidity, ensuring the Bank is well positioned to navigate the markets in which we operate.

OUR PEOPLE

I would like to conclude by expressing the Board's great appreciation and gratitude to all our colleagues. The Bank's performance in 2025 was made possible by their continued commitment, energy and focus, and their efforts remain fundamental to our ongoing success.



Simon Davies
Chairman
ICBC Standard Bank Plc

CHIEF EXECUTIVE'S REVIEW

A MILESTONE YEAR OF PROGRESS AND RESILIENCE

As we close another milestone year, I am pleased to reflect on our achievements and the strong momentum we carry into the future. 2025 marked our sixth consecutive year of profitability, an important testament to the resilience of our franchise, the clarity of our strategy, and the unwavering commitment of our people. In a period shaped by shifting market dynamics, and evolving client expectations, our ability to deliver consistent performance underscores the strength of our business model and the trusted relationships we have built with clients globally.

Our financial position remains robust. Income after credit impairments reached \$724.8 million, net profit after tax was \$224.9 million, and return on equity reached double digit levels at 11.3%. These results demonstrate the quality of our earnings and our resilience in an environment characterised by uncertainty, commodity market volatility, and the increasing influence of emerging markets.



A SEAMLESS LEADERSHIP TRANSITION

In Summer 2025, I had the privilege of assuming the role of Chief Executive Officer. The transition was seamless and thoughtfully coordinated, allowing us to maintain momentum while positioning the organisation for its next phase of growth. It has been an honour to step into this role at such a pivotal moment in our development, and I am deeply grateful for the support of colleagues and clients throughout this period.

STRENGTHENING OUR POSITION IN COMMODITIES

We continued to advance our leadership in Commodities, delivering disciplined execution and deepening client engagement amid dynamic market conditions. Precious Metals remained the franchise's strongest performer, achieving exceptional growth, while Base Metals and Energy also surpassed last year's results. Enhanced connectivity across leading international exchanges enabled clients to manage risk and capture opportunities with greater confidence. These advancements reinforce our position as a trusted partner and a leading participant in global commodities markets.

CONNECTING GLOBAL INVESTORS TO EMERGING MARKETS

Our FIC franchise delivered broad based momentum, supported by improving conditions across emerging markets and renewed global appetite for emerging market risk. We navigated evolving macroeconomic and geopolitical dynamics with discipline, strengthening client engagement across our priority markets. Amid increased liquidity and heightened volatility across emerging market asset classes, we remained highly active, reinforcing our role as a bridge between global investors and emerging markets. This continues to be a core differentiator for our franchise and a meaningful driver of client activity.

SUPPORTING THE ACCELERATION OF RMB INTERNATIONALISATION

We made meaningful progress in advancing our RMB strategy. Over the past year, we strengthened our CNH capabilities, expanded our relevance in currency exchange, offshore debt markets, and enhanced our ability to connect global investors with opportunities in China. These developments reinforce our role within the ICBC Group and position us well to capture future growth as RMB internationalisation continues to gain momentum.

BUILDING A MORE AGILE AND TECHNOLOGY-ENABLED ORGANISATION

We continued to make meaningful progress toward becoming a more agile and technology-enabled organisation. Over the past year, we delivered several major projects that upgraded critical platforms, replaced legacy systems, and strengthened our risk and market-data infrastructure. These investments are building a more efficient, adaptive, and scalable foundation to support sustainable growth in an increasingly digital financial landscape. As we advance our technology transformation journey, simplifying our architecture, expanding automation, and enhancing process consistency will remain key priorities.

LOOKING AHEAD WITH CONFIDENCE

As we enter 2026 and look ahead to the next five years through 2030, we remain committed to building a stronger, more competitive, and more capital-efficient institution. Our objective is clear: sustain our momentum and continue shaping a more resilient and balanced business model. This means growing revenue and profit, strengthening return on equity, investing in our people and technology, and maintaining disciplined risk and cost management across the franchise.

We will deepen our role as a bridge between emerging market assets and global investors, extend our leadership in commodities, and strengthen our contribution to the development of the RMB market. These priorities reflect our broader vision to become a leading emerging markets focused investment bank.

With a refreshed leadership team, a resilient franchise, and a clear strategic direction, we move forward with confidence in our ability to deliver sustainable long-term value for our shareholders, clients, and other stakeholders.



Chong Gao
Chief Executive Officer

| | | |
|-----------|-------------------------|---|
| 01 | Strategic report | 1 |
|-----------|-------------------------|---|

| | | |
|-----------|--------------------------------------|----|
| 02 | Directors' report | 17 |
| | Remuneration policy statement | 30 |

| | | |
|-----------|------------------------------|----|
| 03 | Sustainability report | 33 |
|-----------|------------------------------|----|

| | | |
|-----------|-------------------------------------|----|
| 04 | Independent auditor's report | 51 |
|-----------|-------------------------------------|----|

| | | |
|-----------|-------------------------------------|----|
| 05 | Primary Financial Statements | 63 |
|-----------|-------------------------------------|----|

| | | |
|-----------|-------------------------------------|----|
| 06 | Material accounting policies | 73 |
|-----------|-------------------------------------|----|

| | | |
|-----------|---|-----|
| 07 | Notes to the annual financial statements | 99 |
| | Acronyms and abbreviations | 178 |
| | Contact information | 179 |



STRATEGIC REPORT

The Strategic Report outlines the foundations of our business, including how we operate, manage risk, and define our strategic priorities, supported by key performance insights.



The Directors present their strategic report for ICBC Standard Bank Plc for the year ended 31 December 2025.

WHO WE ARE

ICBC Standard Bank Plc specialises in emerging markets, offering a range of commodities and financial markets solutions to clients worldwide. Headquartered in London, ICBCS also maintains regional offices in Singapore, New York, and Shanghai.

ICBCS is authorised by the Prudential Regulation Authority, and is regulated by both the Financial Conduct Authority and the Prudential Regulation Authority.

ICBCS is jointly owned by Industrial and Commercial Bank of China Limited and Standard Bank Group Limited, which hold 60% and 40% of the issued ordinary share capital respectively.



ICBC was established on 1 January 1984 to undertake the business of industrial and commercial credit and savings previously handled by the People's Bank of China.

ICBC became a joint-stock limited company on 28 October 2005. It was listed on the Shanghai and Hong Kong stock exchanges in October 2006 and is now one of the world's largest listed banks, with a strong customer base and diverse business operations.

ICBC operates across three core business segments: Corporate Banking, Personal Banking, and Treasury Operations, providing a comprehensive suite of financial services to corporate, institutional, public-sector, and retail clients within China and internationally.

SBG is one of Africa's leading banking and financial services organisations.

SBG operates in four key segments: Personal and Private Banking, Business and Commercial Banking, Corporate and Investment Banking, and Insurance and Asset Management. These global client segments operate across South Africa, other African countries and selected international locations outside of Africa.

In 2007, SBG entered a major strategic partnership with ICBC, with ICBC now a 19.7% shareholder in SBG.

BUSINESS MODEL

ICBCS delivers a range of traded financial market and commodity assets, risk management solutions, and tailored financing to support our clients' needs. Our business model centres on originating exposures directly from clients, which we manage and trade through our global distribution network, ensuring clients benefit from deep market liquidity and robust risk management.

COMMODITIES

Our Metals and Energy teams provide expert trading, sales, working capital solutions and structured lending, helping clients navigate complex markets and optimise their capital. As one of only four members of London Precious Metals Clearing Limited, we offer secure vaulting and clearing services for precious metals, including safe custody of physical bullion at our own London vault and at internationally recognised facilities.

FIXED INCOME AND CURRENCIES

We offer a full suite of foreign exchange, interest rate, credit, money market, and structured lending products. Our FIC desk delivers both flow and bespoke solutions, supporting sovereigns, financial institutions, and global corporates with investments, financing, treasury management and liability risk strategies.

Through these integrated capabilities, ICBCS remains committed to delivering innovative, client-focused solutions that drive resilience and long-term growth.

STRATEGIC FOCUS AREAS

During 2025, our strategy evolved beyond the organising principles of Specialisation, Integration and Simplification. As presented to the Board in September and reaffirmed in subsequent strategy sessions, we adopted a more granular and execution-focused framework built around nine strategic growth levers: growing flow business; expanding originate-to-distribute capabilities; increasing fee-based revenues; scaling physical commodities; enhancing client productivity; improving capital efficiency; increasing capital availability; diversifying funding; and driving cost efficiency. These levers provide us with a more actionable roadmap for delivering our ambition to become a leading emerging markets focused investment bank, shifting our business towards capital-efficient, client-driven revenue streams that enhance resilience and long-term returns.

In parallel, we continued to strengthen our contribution to ICBC’s broader strategic objective of advancing RMB internationalisation. We play an integral role as a key hub within the ICBC Group’s global RMB ecosystem, acting as a trading agent, international distribution centre and liquidity provider, complementing onshore RMB capabilities and enabling ICBC to position itself as a recognised global RMB leader.

We continued to deepen alignment with both ICBC and SBG to broaden client reach, support cross-border business development, and unlock opportunities across commodities, structured financing and financial markets activities. We maintained a disciplined, client-led growth model, reinforced by stronger collaboration with our shareholder affiliates and enhanced engagement across international hubs.

Technology remained a critical enabler of our strategic execution. The Board reaffirmed the importance of investment in our core trading and control platforms - most notably E-trading enhancements and consolidation of Trading and Risk Management infrastructure - to improve scalability, operational resilience and the effectiveness of our risk and control environments. These capabilities form a core foundation for modernising our operating model and supporting future growth.

Culture and people development remained fundamental to our strategic delivery, in line with the prior year’s emphasis on embedding our values and supporting an inclusive, performance-led culture.



Finally, we continued to apply strong financial discipline through measures to optimise funding costs, strengthen capital allocation and support sustainable earnings. These actions reinforced our capacity to execute our strategy responsibly while delivering long-term value for shareholders and clients.

2025 IN REVIEW

OPERATING ENVIRONMENT

In 2025, global markets navigated a complex landscape of divergent monetary policies and geopolitical events. Yet the surprise was the resilience of strong performance across asset classes. Weaker US dollar, accommodative monetary and financial conditions across major economies and improving EM credit profiles all helped to drive a healthy return in risk appetite.

Against a backdrop of rising sovereign protectionism and geopolitical fragmentation, IMF's October projections revised up global growth projections. This reaffirms US growth underpinned by AI investment and fiscal stimulus. Meanwhile, China's on-target 5% GDP growth and the return of capital flows into emerging markets offset concerns over trade barriers and fiscal debt burden.

US equity markets demonstrated exceptional strength, with the S&P 500 and Nasdaq both delivering returns close to 20% for the year, powered by artificial intelligence sector momentum and robust corporate earnings. Fixed income markets concluded 2025 with pronounced upward pressure on risk-free rates amid concerns over slowing disinflation and US economic resilience. The US Treasury yield curve steepened to levels unseen since mid-2022, whilst EM bonds delivered modest returns of 7% and 2.5% for hard and local currency instruments, respectively.

The year delivered exceptional performance for EM assets. Both large EM local currency bonds and diversified US dollar denominated sovereign bonds returned 12–13%, while EM equities gained 33%, outperforming the S&P 500 on a total return basis. After several consecutive years of sustained outflows, 2025 also marked a decisive shift in investor sentiment: EM dedicated funds saw \$17 billion of inflows, reversing the \$25 billion outflows in 2024, \$21 billion in 2023, and \$35 billion in 2022.

Safe-haven demand and weak US dollar supported out-performance in gold, which hit new highs, while the prices of other precious metals, especially silver, also surged reflecting speculative investor demand. The energy transition theme (electric vehicles, renewable energy, AI data centres, power grids) benefited industrial metals such as copper, which rallied over 30%. Oil and gas, however, faced downward pressure from the threat of oversupply and weaker global demand.

Capital is undergoing a period of profound reallocation, gradually shifting from traditional developed economies to more growth-oriented emerging markets. In turn, commodity markets reflected this global asset reallocation, while short-term price dynamics continue to be tested by geopolitical events.

OUTLOOK FOR 2026

The year started with unexpected geopolitical dynamics, which will potentially prove an inflexion point in the global economic order. Emerging Markets, which account for 41% of global GDP, represent only 12% in benchmark weights. This stark divergence highlights potential for upside through a catch-up and rebalancing of capital and reserve allocation toward EM assets.

Global allocations to emerging markets will likely continue rising in 2026, supported by investors' desire for diversification away from US assets and by a policy environment, both economic and political, that points toward a weaker US dollar, a backdrop that typically favours emerging markets performance.

Key market dynamics will pivot on the Federal Reserve's restricted monetary easing, with markets anticipating limited room for cuts amid sticky inflation, particularly in the service sector. Global inflation is expected to moderate to 4.2% in 2026, led by advanced economies.

Commodity-exporting economies may find support from supply-constrained metals markets and OPEC+ production discipline, though success will depend on careful navigation of geopolitical developments. Precious metal prices – particularly gold – will likely test new highs. This volatile environment demands sophisticated risk management and strategic positioning across asset classes.

HOW WE MEASURE STRATEGIC IMPACT AND VALUE CREATION

We rely on a range of financial and non-financial measures to assess how well our strategy is creating value.

These measures include analysing our financial performance, our ability to deliver sustainable value and returns to our shareholders, our progress in maintaining a diverse and inclusive workforce, our contribution to broader society, and our environmental impact. Further details on these measures are set out on the following pages.

KEY PERFORMANCE INDICATORS

BUSINESS PERFORMANCE

Our results for the year are shown in the consolidated income statement, with the key performance indicators reflected below:

INCOME AFTER CREDIT IMPAIRMENTS

\$724.8
million

2024 - \$569.4m

NET PROFIT AFTER TAX

\$224.9
million

2024 - \$156.5m

TOTAL ASSETS

\$37.8
billion

2024 - \$26.6bn

RETURN ON EQUITY

11.3%

2024 - \$8.3%

TOTAL CAPITAL ADEQUACY RATIO

15.0%

2024 - 18.1%

2025 saw our sixth consecutive year of profits, with income after credit impairments, net profits after tax and return on equity all comparing favourably to the prior year, supported by the ongoing challenging and volatile market conditions. This volatility contributed to the growth in the balance sheet in 2025, with total assets increasing \$11.2 billion, or 42.1%, to \$37.8 billion, with derivative financial asset fair values increasing by \$4.8 billion, and commodities inventory up \$3.5 billion, partly driven by the elevated value of precious metals holdings.

COMMODITIES

Commodities income after credit impairments was \$276.6 million in 2025, compared to \$180.0 million in the prior year, representing an increase of \$96.6 million, or 53.7%.

Commodity markets were influenced by a combination of macroeconomic and geopolitical factors, including trade-related tensions, a weaker US dollar, and expectations of monetary easing. These conditions contributed to strong safe haven demand, driving significant price appreciation across precious metals. Gold rose in price by 63%, while silver and platinum more than doubled, supported by macro tailwinds, speculative inflows and regional arbitrage opportunities. Palladium also recorded notable gains.

Base metals experienced broad strength. Copper prices were subjected to regional dislocations, supply disruptions, concentrate shortages and refined over-supply as well as an overarching change in structural demand driven by the global adoption of the energy transition. In contrast, crude oil remained range bound, with persistent oversupply offset by intermittent geopolitical support.

Against this backdrop, the Commodities franchise performed strongly, with both Energy and Metals businesses exceeding prior year results and particularly robust performance in Precious Metals. The Bank leveraged its physical capabilities to navigate regional dislocations in precious metals markets and supported clients actively through heightened volatility and elevated price levels.

The franchise continued to capitalise on its position as a physically focused commodities bank, drawing on deep product expertise and close collaboration with shareholders. These strengths enabled the delivery of tailored solutions to clients across rapidly evolving market conditions.

FIXED INCOME AND CURRENCIES

FIC's income after credit impairments was \$367.3 million in 2025, compared to \$318.3 million in 2024, representing an increase of \$49.0 million, or 15.4%.

Performance was underpinned by an improvement in market conditions across emerging markets, supported by a weaker US dollar, accommodative monetary and financial conditions, and improving sovereign and credit fundamentals. While the year was characterised by divergent monetary policy and ongoing geopolitical uncertainty, a recovery in investor risk appetite and periods of heightened volatility drove increased client activity and flow based opportunities, particularly across Africa, Eastern Europe, Central Asia and China, where the Group maintains established market franchises.

The FX, Rates and Credit business benefited from effective navigation of complex macroeconomic conditions, including shifting monetary expectations and geopolitical developments. Currency stabilisation, yield compression and resurgent risk sentiment across core emerging markets supported increased trading volumes and client engagement, contributing to strong and resilient performance throughout the year.

For the Structured Solutions and Debt Capital Markets business, origination activity remained focused on shareholder related transactions, EM sovereigns and financial institutions including select syndicated and structured financings. During the year, the business expanded into new markets, including Latin America. Performance was supported by favourable primary market conditions, sustained investor demand for EM risk, and a higher proportion of private placement and bespoke issuance.

CAPITAL RESOURCES

At the end of the reporting period, our equity capital resources totalled \$2,131.4 million (2024: \$1,943.7 million), and total capital resources qualifying for prudential purposes amounted to \$2,229.5 million (2024: \$2,086.1 million).

We remain strongly capitalised and in excess of the minimum regulatory requirement at 31 December 2025, with a total capital adequacy ratio of 15.0% (2024: 18.1%), a tier 1 capital ratio of 13.3% (2024: 16.0%), a common equity tier 1 (CET1) ratio of 12.2% (2024: 14.6%) and risk weighted assets of \$14,902.7 million (2024: \$11,500.1 million).

LIQUIDITY

Throughout 2025, the Bank maintained a liquidity surplus above both the Individual Liquidity Guidance requirements covering a regulatory stress period of 30 days, and the Bank's Internal Stress Test requirements which covers the risk drivers over a 91-day survival horizon. The Bank had sufficient stable funding and was compliant with the regulatory Net Stable Funding Ratio.

At 31 December 2025, the Bank had the following liquidity and funding surpluses; ILG, \$1,195 million (2024: \$2,028 million), constraining IST, \$2,274 million (2024: \$3,524 million) and constraining NSFR, \$1,003 million (2024: \$2,652 million). At 31 December 2025, our Liquidity Coverage Ratio position was 144% (2024: 180%) and our NSFR position was 110% (2024: 143%), maintaining an excess over the regulatory requirement for both.

CREDIT RATING

Our credit rating is premised on support from ICBC as parent, as well as consideration of our own capital and liquidity position, our corporate strategy, and future profitability.



Moody's and Fitch Ratings' long-term credit ratings at 31 December 2025 remain unchanged at Baa1 and A- respectively, with a stable outlook from both rating agencies.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

RISK AND CONTROL

We maintain a disciplined and prudent approach to risk management, ensuring that the Bank's risk appetite remains calibrated and aligned with our financial resources. Throughout 2025, we consistently operated within the parameters set out in our Board-approved risk appetite statement. A comprehensive overview of our principal risks, along with further details on the supporting frameworks and policies, can be found in Note 37 to the annual financial statements.

CULTURE AND EMPLOYEE ENGAGEMENT

Our culture is fundamental to how we operate and deliver for our clients. In 2025, we intensified our focus on strengthening employee engagement, through launching a new engagement survey, with the aim of building a more consistent high performance culture across the Bank.

The results of the engagement survey showed alignment with our purpose and values whilst highlighting areas for improvement. In response, we launched a dedicated task force, with oversight from an independent non-executive director, to implement targeted actions to address lower-scoring themes.

We remain committed to creating an inclusive, values-driven environment where employees feel supported and able to thrive. Strengthening our culture is a key enabler of long-term performance, helping us attract and retain talent while delivering lasting value to our stakeholders.

HUMAN RIGHTS

We uphold human rights in accordance with the Universal Declaration of Human Rights by ensuring fair treatment and safe working conditions through our employment policies. In 2025, the Board approved the Bank's Modern Slavery Statement for that year, reaffirming our dedication to identifying and reducing modern slavery risks across our operations and supply chains.

TECHNOLOGY

In 2025, we continued to strengthen the resilience and effectiveness of our technology estate. We advanced key modernisation initiatives, including completing the migration of our Base Metals business onto our strategic risk platform and improving production stability, supported by increased application release throughput.

Cybersecurity, operational resilience, and regulatory compliance remained priority areas. We enhanced core infrastructure, refined governance and control frameworks, and continued to invest in digital and automation capabilities to support efficiency and a better employee and client experience.

Collectively, these improvements position the Bank with a more robust, secure and scalable technology foundation to underpin strategic execution and future growth.

FINANCIAL CRIME

Our financial crime and anti-money laundering framework is designed to ensure full compliance with regulatory expectations. This includes maintaining robust systems and controls to mitigate risks relating to money laundering, sanctions, fraud, and other financial crime. In 2025, we continued to reinforce our expectations through regular policy updates, mandatory training, and enhanced oversight of higher-risk activities.

In 2025, we further strengthened these controls through ongoing enhancements to customer due diligence, transaction monitoring, and payment and trade surveillance, supported by regular reporting to senior management and the Board.

We require all employees to comply with all applicable anti-bribery and corruption laws in every jurisdiction in which we operate.

SUSTAINABILITY

“ ICBCS is committed to supporting clients in achieving their energy transition and sustainability goals, while managing its related risks and opportunities to maintain its position as a resilient and profitable business. Aligned with its commercial strategy, financial targets, and risk appetite, ICBCS will provide the capital and liquidity needed for the sustainable growth of emerging markets and developing economies. It will also facilitate investment and trading in critical transition minerals and metals, renewable energy, and the circular economy. ICBCS will uphold responsible banking and sourcing practices, maintain a diverse and inclusive workforce, and support local communities.

”
The directors have presented climate-related financial disclosures required by Section 414CA and 414CB of the Companies Act 2006, in the sustainability report on page 33.

TAX

We adopt a prudent approach in all tax matters, following the principles outlined in our publicly available Tax Strategy and adhering to HMRC's Code of Practice on Taxation for Banks. Our Tax Strategy is owned by the Board and reviewed annually.

We are committed to:

- Accurate and timely tax compliance and tax risk management
- A principled approach towards legitimate and responsible tax planning
- A belief in open, transparent, and honest tax authority engagement
- A resolve to co-operate fully with all anti-tax evasion and tax transparency initiatives

Our organisation has zero tolerance for tax evasion and will implement disciplinary procedures for any staff that do not uphold good practice in this area. We have successfully implemented a reporting regime for the Foreign Account Tax Compliance Act and the Common Reporting Standard, along with a comprehensive control framework in respect of the UK Corporate Criminal Offence for failure to prevent facilitation of tax evasion. In order to help identify malpractice, we operate internally a confidential whistleblowing policy, which includes all tax matters.

We pay the required tax and fulfil our filing obligations in accordance with local requirements, across all the jurisdictions in which we operate. Our total tax contribution for 2025 was \$159.1 million (2024: \$122.6 million) of which \$89.4 million (2024: \$58.7 million) was borne by the Group with the remainder being primarily payroll taxes collected on behalf of our employees. In Singapore, employees self-assess and pay their own income taxes to the local authority. This is illustrated in the diagrams below:

TAXES BORNE BY ICBCS

\$89.4m



EMPLOYMENT TAXES COLLECTED BY ICBCS

\$69.7m



Principal governance of tax is through the Executive Committee feeding into the Board sub-committees and ultimately, to the Board of Directors.

DIRECTORS' STATEMENT ON COMPANIES ACT 2006 SECTION 172

The Directors have fulfilled their duty to promote the Company's success, considering stakeholder engagement and the matters set out in section 172 (1) (a) to (f) of the Companies Act 2006.

The Directors consider the likely long-term consequences of their decision making and during the year the Board reviewed and set strategic priorities over a five-year period, approving a business plan that addresses capital and funding requirements while considering potential macroeconomic risks.

The Board is committed to high standards of business conduct, including human rights, anti-bribery, anti-money laundering and financial crime; they review values and frameworks to maintain these standards.

STAKEHOLDER ENGAGEMENT

It is important to consider a broad range of stakeholders when undertaking business. There were no changes to the Board's group of stakeholders during the year. Below is a summary of the Board's stakeholder oversight and engagement during the year.

SHAREHOLDERS



The Shareholders' Agreement governs the relationship with shareholders alongside the Articles of Association. This approach supports transparent governance and helps the Board act fairly between shareholders.

The SHA outlines matters reserved for Board and shareholder decisions, and administrative procedures including Board composition, meeting administration, business plan and budget preparation, capital requests, and shareholder communications. Shareholders' interests are represented at the Board by shareholder appointed Directors. The Chief Executive keeps the Board updated on communications and developments with shareholders.

Shareholder feedback helps align the Company's strategy, risk tolerance, and annual business planning. This approach ensures that services and products offered complement and strengthen the broader capabilities of the shareholder groups. For example, assisting ICBC in their Renminbi internationalisation strategy, and offering ICBC's clients competitive pricing on African foreign exchange and interest rates utilising SBG's expertise.

CLIENTS



The Board receives regular updates on client strategy, client risk profile and client led growth initiatives, including through strategy and risk appetite discussions and the review of Global Markets and Technology strategies. These discussions consider how the Bank serves clients across its markets while maintaining disciplined risk management and regulatory compliance. During the year, the Board considered a transition from a predominantly product led approach to a more client led strategy, providing cross-selling opportunities.

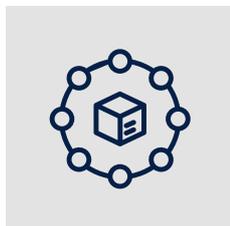
To respond to these challenges and improve outcomes for clients, management is designing and implementing a Client Lifecycle Management framework. The Board supports this approach to enhance client engagement, increase loyalty, and maximise sustainable revenues while strengthening risk governance across the client lifecycle.

REGULATORS



The Board maintains an open dialogue with UK and international regulatory authorities. Regulatory considerations are integral to the Bank's operations and Board decisions. The Chairman and Chief Executive meet periodically with UK regulators and communicate additionally as needed. The Board reviews key regulatory correspondence to understand their key areas of focus and to ensure management addresses priorities promptly. Executive management update the Board on compliance status, material incidents, future developments, and prudential matters.

SUPPLIERS



The Bank's approach to supplier management is designed to ensure fair and balanced relationships. It engages with suppliers through dedicated procurement and supplier risk teams to ensure the Bank has the necessary information it requires, to appropriately manage relationships at inception and throughout the life of the service.

During the year, the Bank ensured its supplier risk management framework complied with the latest regulatory outsourcing guidelines, and the Board reviewed supplier management information and were briefed on relevant risks.

The Bank continued to meet its obligations regarding responsible payment practices and reporting during the year, with reports approved by an executive director.

EMPLOYEES



The Board is responsible for the development of the Bank's culture, believing a diverse and engaged workforce drives better outcomes for all stakeholders. Directors receive regular updates on headcount, culture measures, engagement initiatives, and people metrics, including breaches and risks. The Board and the Board Remuneration and People Committee focus on meritocracy and monitor gender and broader diversity metrics.

Remco reviews and challenges the remuneration policy to ensure it is appropriate for all employees, including executives, aligning competitive remuneration with strategic goals. During the year, Remco reviewed the Bank's performance against a balanced scorecard and provided oversight to ensure that the remuneration outcomes were performance linked. It also reviewed succession plans and a talent assessment, particularly for leadership roles to promote skilled employee continuity.

As noted earlier, during the year, the Board reviewed the results of an employee engagement survey and created a task force to create action plans to focus on areas that are the most important to our employees. The task force will provide updates to the Board and is attended by a designated independent non-executive director.

As part of ongoing engagement efforts, INEDs attended breakfast and other meetings with a range of employee groups to receive direct staff feedback. These provide opportunities for them to gain additional perspectives to help inform their decision making.

During 2025, the Board endorsed the Bank's initiatives to strengthen female representation across the Bank, reinforcing our diversity ambition. INEDs actively engaged with employee networks and programmes, including the Elevating Women in Leadership initiative and supported career development sessions, networking opportunities, mentoring, and other targeted interventions designed to nurture future female leaders.

Throughout 2025, the Chief Executive held periodic in-person town hall sessions to update the workforce on key business developments, employee initiatives and progress against strategic priorities.

The Bank is committed to providing employees with additional qualifications and seeks to offer opportunities to individuals who may not consider financial services an accessible career.

COMMUNITY



Our commitment to the community is affirmed in the Bank's corporate social responsibility framework and the Board continued to support our contribution to society. During the year we proactively participated in various community initiatives including organising clothes donations and fundraising activities, and provided employees with volunteering leave.

We have ongoing partnerships to support local charities in the UK, Singapore and New York, and continue to support a South African school through the 'Adopt a School Foundation' programme.

HOW WE MANAGE RISK

The Board is primarily responsible for the governance of risk and compliance with legal and regulatory obligations. The Board has delegated authority to the Board Risk Management Committee to provide independent and objective oversight of risk management and compliance across the Bank.

Day-to-day responsibility for risk management is delegated by the Board to the Executive Committee. The Chief Risk Officer and Chief Compliance Officer are responsible for the management of risk and compliance, including the design, implementation and monitoring of frameworks and processes.

Accountability for risk management resides at all levels across the Bank, as set out by our three lines of defence model, described in note 37.2.

Frameworks, policies, and procedures have been established for the management of all major risk categories. These documents define the minimum requirements for risk management and support the consistent application of risk management practices.

Our principal risks are detailed in note 37.3. This is not an exhaustive list of all potential risks facing the Group, but outlines those which management believes may have a significant impact on its business performance and prospects.

The ICBC Standard Bank Plc Strategic Report 2025 was approved by the Board of Directors and signed on its behalf by the Chair.

By order of the Board



S Davies
Chairman

25 February 2026

20 Gresham Street
London EC2V 7JE

Public company limited by shares
Registered in England and Wales No. 02130447



DIRECTORS' REPORT

The Directors' Report provides statutory information on our governance, internal controls, and corporate compliance activities. It provides an overview of the Board's oversight of strategy, risk, capital and stakeholder engagement, along with the Directors' responsibilities under the Companies Act. This report also includes key disclosures relating to dividends, going concern, internal control effectiveness, and other required reporting matters.



INTRODUCTION

The Directors of ICBC Standard Bank Plc and its subsidiaries present their report and audited financial statements for the year ended 31 December 2025 in accordance with Section 415 of the Companies Act 2006.

The review of the Group including its principal activities, risks and uncertainties is set out in the Strategic report on pages 1 to 16. The Strategic report contains information on certain matters which would otherwise be required in the Directors' report, including under schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, namely: financial instruments, future developments in the business of the Company, and engagement with its stakeholders. The streamlined energy and carbon report is included in the Sustainability report.

GOING CONCERN BASIS

The financial statements have been prepared on a going concern basis, as the Directors are satisfied that the Company and Group have adequate resources to continue in business for a period of at least 12 months from approval of the financial statements. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions, the impact of forthcoming regulatory changes, the business plan for the next five years, and the ability and willingness of the shareholders to provide support as and when required. This assessment also considered the Group's forecasts, which include a combined stress test on capital and liquidity.

ICBC holds a 60% controlling interest in the Company, with the remaining 40% owned by SBG. The Group maintains a strong capital and liquidity position. The demonstrable ongoing support by ICBC is an important aspect supporting the going concern assessment.

ICBC has issued a statement of support in favour of the Company, confirming its position as a long-term investment and as an integral part of ICBC's overall operational strategy, which remains valid until ICBC ceases to be the controlling shareholder. ICBC confirms that it intends to financially support the Company in ensuring that it meets all financial obligations as they fall due, including the maintenance of a minimum capital adequacy level. Specifically, ICBC intends to provide funding and capital support to the Company and commits its intention to subscribe for certain 'qualifying instruments' as and when ICBC receives written notice from the Company that its capital and reserve funds amount to (or will foreseeably in the near term amount to) less than the minimum required amount of capital and reserve funds, as determined in accordance with the rules and regulations of the Prudential Regulation Authority (or its successor).

DIVIDENDS

In March 2025, a dividend payment of \$41.8 million was paid on the ordinary shares of the Company.

The Directors have approved a final dividend of \$61.9 million in respect of the financial year ended 31 December 2025, which will be paid in March 2026.

INTERNAL CONTROL AND FINANCIAL REPORTING

The Directors who held office at the date of this report's approval confirm that, as far as they are each aware, there is no relevant audit information of which the Group's auditors are unaware, and that the Directors have taken all steps that they should have, to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

The Directors are responsible for reviewing the effectiveness of the Group's internal controls. Procedures have been designed and established to safeguard assets against unauthorised use or disposition, to maintain proper accounting records, and to ensure the reliability of financial information used within the business or for publication. These procedures are designed to manage, rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, and not absolute, assurance against material misstatement, errors, losses or fraud.

Procedures for the ongoing identification, evaluation and management of the significant risks faced by the Group have been in place throughout the year and up to 25 February 2026, the date of approval of the consolidated annual report for the year ended 31 December 2025.

The Directors and senior management have adopted policies which set out the Board's attitude to risk and internal control. Key risks are identified, reviewed, and managed by the Board on an ongoing basis through procedures such as credit and other authorisation limits, physical controls, and segregation of duties.

The Board also receives regular reports on risk matters that need to be brought to its attention. Significant risks identified in connection with the development of new activities are considered by the Board. For the period under review, the Directors are satisfied that the Group's risk management processes operated effectively and that the Group has managed its risk in support of its strategy.

There are well-established budgeting procedures in place and reports are presented regularly to the Board detailing the results of each principal business unit, variances against budget and prior year, and other performance data.

The effectiveness of the internal control system is reviewed regularly by the Board and the Board Audit Committee, which receive reports of reviews undertaken by the internal audit function and from the external auditors, including observations on identified internal control matters. In reviewing the internal control system, the Board also considers regulatory requirements and expectations.

TRANSACTIONS WITH DIRECTORS AND RELATED PARTIES

There are no loans made to the Directors and details of related party transactions are included in note 33 to the financial statements.

DIRECTORS' LIABILITY INSURANCE AND INDEMNITIES

The Group maintained directors' and officers' liability insurance during the twelve months ended 31 December 2025. The Company has entered into qualifying third-party indemnity arrangements for the benefit of all its Directors, in a form and scope that comply with the requirements of the Companies Act 2006 and that remain in force.

THE BOARD





Yabing Hu
Non-Executive Director



Philip Hurley
Executive Director



Binliang Jin
President and
Executive Director



Garry Jones
Independent
Non-Executive Director
Remco and Board IT
Committee Chair



Li Li
Non-Executive Director



Yi Qiu
Executive Director

CHANGES TO DIRECTORS'

Chong Gao

Appointed as chief executive officer and executive director on 1 August 2025

Julia Goh

Appointed independent non-executive director and BAC Chair on 1 August 2025

Guido Haller

Appointed non-executive director on 15 September 2025

Judith Eden

Resigned as independent non-executive director and senior independent director on 1 August 2025

Andile Kenneth Fihla

Resigned as non-executive director on 8 April 2025

Wenbin Wang

Resigned as chief executive and executive director on 31 July 2025

None of the Directors held any beneficial interest in the ordinary share capital of the Company during the year or at 31 December 2025.

BRANCHES

The Company has an operating branch in Singapore.

POLITICAL DONATIONS

The Group did not make any political donations or incur any political expenditure during the year.

AUDITOR

Deloitte LLP has indicated its willingness to continue as auditor of the Group for the year ending 31 December 2026. Accordingly, a resolution is to be proposed at the next annual general meeting for the re-appointment of Deloitte LLP as auditor of the Group.

EMPLOYMENT OF DISABLED PERSONS

It is the Group's policy to ensure that all employees and job applicants are given equal opportunities and that they do not face discrimination on disability or any other grounds. The Group is committed to providing support to disabled employees to enable them to work to maximum effect within any limits imposed by their disability, including ensuring appropriate opportunities for training, career development and promotion. Should an employee become disabled during their career with the Group, reasonable adjustments will be made where required.

CORPORATE GOVERNANCE

The Group has applied the Wates Corporate Governance Principles for Large Private Companies for the year ended 31 December 2025. Where appropriate, the Group also aims to adhere to corporate governance best practices that align with what is expected of a regulated bank, considering its size and complexity.

The following describes how the principles of the Wates Corporate Governance Code have been met. The Pillar 3 disclosure document provides further details about the Group's governance framework and the processes that support its capital and risk management.

Principle 1 – Purpose and Leadership

The Group's purpose is set by the Board and is underpinned by values of: Integrity, Openness, Prudence, Innovation, and Excellence.

The purpose and values align directly with the desire to maintain a reputation for high standards of business conduct. Consistent with these values, the Board sets and oversees a culture, conduct and compliance agenda that supports the way that the Group does business. Employees are encouraged to report concerns through established whistleblowing processes; any concerns raised are escalated to the Chairman.

The Board's schedule includes an annual comprehensive strategic review and planning session, allowing for the evaluation and, if needed, realignment of the Group's strategic priorities. When making decisions on the strategic priorities, the Board considers the long-term consequences with a view to growing and strengthening the business's sustainability. The Group has a rolling five-year business plan which is updated, reviewed, and approved annually by the Board.

Culture and conduct is factored into the Board Remuneration and People Committee's annual balanced scorecard review of the Bank's performance.

Principle 2 – Board Composition

The Board is led by an independent non-executive Chairman. The remaining Board members comprise three independent non-executive directors, five shareholder appointed non-executive directors and four executive directors, including the Chief Executive. The Board agrees that to provide effective oversight of the Group's business, its members should collectively possess a broad range of backgrounds, skills, expertise, industry knowledge and business experience. The directors have held senior positions across international financial institutions and other significant entities. Two of the four Board committees are chaired by female independent non-executive directors, and six nationalities are represented on the Board.

The Board Remuneration and People Committee reviews proposed director appointments in accordance with suitability requirements and advises shareholders accordingly.

Periodic Board skills self-assessments are carried out, which assist in identifying Board training areas and inform which skills should be strengthened for future director appointments. All new directors are provided with a tailored induction programme.

Principle 3 – Director Responsibilities

The Chairman oversees Board policies and procedures for induction, training, and professional development. In 2025, Directors attended internal training and briefings, supplemented by regular executive engagements relevant to their roles. Directors are responsible for their ongoing professional development relevant to their roles and portfolios. They may seek guidance from the Company Secretary or obtain professional advice at the Company's expense.

The Board's mandate, which is reviewed biennially, includes its purpose, authority, powers of delegation and terms of reference, and details its operations. The Board's key responsibilities include:

- Agreeing the Group's objectives, strategy, and plans to achieve them;
- Ensuring that an effective risk management process exists and is maintained, including a robust and prudent risk appetite statement;
- Assuming ultimate responsibility for regulatory and legal compliance;
- Ensuring that an adequate budget and planning process exists, that performance is measured against budgets and plans, and approving the Group's annual budgets;
- Articulating and maintaining a culture of risk awareness and ethical behaviour for the Group to follow in pursuit of its business goals;
- Ensuring that management reporting to the Board and its sub-committees is comprehensive across prudential requirements and the conduct of business;
- Assuming ultimate responsibility for the integrity of accounting and financial reporting systems, the approval of financial statements, and oversight and approval of capital and liquidity adequacy including the Internal Capital Adequacy Assessment Process, Internal Liquidity Adequacy Assessment Process, Recovery Plan and Solvent Exit Analysis;
- Reviewing and approving the operational resilience self-assessment and providing oversight of operational resilience against impact tolerances; and
- Overseeing the Group's responsibilities and response to Environmental (including climate change), Social and Governance matters, including setting the strategic direction and risk appetite for sustainability related risks, monitoring strategy implementation, and providing oversight and approval of sustainability reporting and disclosures.

During 2025, the Board met for its scheduled quarterly Board and Board committee meetings. Strategy sessions were held in the third and fourth quarters, where management's strategic plans for 2026 and beyond were reviewed and discussed. These plans were incorporated into a five-year Business and Financial Plan.

The Board delegates specific oversight and decision-making to the following sub-committees:

BOARD AUDIT COMMITTEE

This Board sub-committee comprising of independent non-executive directors, monitors the processes for identifying, evaluating and managing risks and controls. This includes the quality, integrity, and reliability of financial and accounting controls, and other internal controls. The committee is also responsible for monitoring the work and effectiveness of the Group's internal and external auditors. It also provides oversight of sustainability-related disclosures and reviews financial statements, with particular attention to accounting policies and areas involving management judgment. The Committee holds scheduled quarterly meetings and ad-hoc meetings as required; it met five times during 2025.

During 2025, the committee's work included:

- Reviewing and endorsing the Consolidated Annual Report and Accounts for the year ended 31 December 2024, including consideration and challenge of the accounting treatment regarding significant matters of judgement, major reporting items, significant transactions, and accounting policy developments;
- Considering quarterly reports from the Chief Financial Officer, including financial performance, valuation matters, credit impairments, the reporting control environment, and other notable financial items;
- Approving the internal audit plan;
- Reviewing completed internal audit assessments and monitoring the closure of audit findings;
- Considering internal audit's independence and effectiveness;
- Reviewing external auditors reports and their approach to auditing of key areas;
- Considering the external auditors' management letter following completion of the annual audit and monitoring the closure of recommended actions;
- Considered an evaluation of the external audit process, including the external auditors' independence and effectiveness, and recommending their re-appointment to shareholders;
- Reviewing and approving non-audit services provided by the external auditors, in compliance with the non-audit services policy, to ensure that conflicts of interest are minimised and independence is maintained;
- Reviewing the Group's fraud and whistle-blowing arrangements; and
- Reviewing the external auditor's assurance report to the FCA on client assets for the year ended 31 December 2024.

Membership: Julia Goh (chair), Isabella da Costa Mendes, Simon Davies and Garry Jones.

Judith Eden served on the committee as chair during the period until resigning as a director of the Company.

BOARD RISK MANAGEMENT COMMITTEE

This Board sub-committee comprising of non-executive directors, review and challenge the Group's risk and compliance policies, portfolio compositions, and decisions on its principal and emerging risks. The committee is responsible for developing a comprehensive and prudent risk appetite statement, ensuring ongoing compliance, and overseeing the implementation of corrective measures in the event of any breaches. The committee complements the Board Audit Committee which also oversees, inter alia, risk controls and their operation. The committee holds scheduled quarterly meetings and ad-hoc meetings as required; it met four times during 2025.

During 2025, the committee's work included:

- Overseeing the setting and monitoring of risk appetite (including recommending the risk appetite statement to the Board for approval), in contemplation of the wider strategy, and cascading the risk appetite to the risk sub-types and limits;
- Reviewing the initial and ongoing risk processes performed for structured transactions;
- Discussing the Group's risk profile, limits and potential mitigating actions in contemplation of the wider future strategy;
- Reviewing the Bank's stress testing and reverse stress testing scenarios;
- Reviewing and challenging the ICAAP, ILAAP, RP and SEA documents, and recommending them to the Board for approval;
- Considering the Bank's Operational Resilience Self-Assessment and recommending the Self-Assessment document to the Board for approval;
- Appraising the progress of improvements to the Group's model risk management following regulatory policy changes;
- Reviewing the Group's insurance policies; and
- Reviewing the Group's annual health and safety report.

Membership: Isabella da Costa Mendes (chair), Simon Davies, Julia Goh, Guido Haller, David Hodnett, Yabing Hu, Garry Jones and Li Li.

Judith Eden and Andile Kenneth Fihla served on this committee during the period until resigning as directors of the Company.

BOARD REMUNERATION AND PEOPLE COMMITTEE

This Board sub-committee comprising of non-executive directors, approves remuneration policy and long-term incentive schemes for employees, sets executive directors and other senior executives' remuneration, and approves the Group's annual salary and incentive review guidelines. The committee acts in an advisory capacity to review and provide feedback to shareholders on proposed candidates for director appointments, including consideration of their knowledge, skills, and experience. The committee holds scheduled quarterly meetings and ad-hoc meetings as required; it met five times during 2025.

During 2025, the committee's work included reviewing and discussing

- Headcount metrics and remuneration decisions across departments, whilst considering the impact of factors such as employment market conditions and inflationary pressures;
- Overall performance against an agreed Balanced Scorecard of performance metrics and the factoring of this into remuneration outcomes;
- Overall employee benefits package and comparison with external benchmarks;
- Deferred remuneration awards due to vest to ensure that any matters which could warrant non-payment or claw-back of prior payments are fully considered ahead of awards vesting;
- Proposed remuneration changes following regulatory policy statement updates;
- People strategy and equity, diversity and inclusion plans, including the monitoring of progress against targets; and
- Management's proposed senior leadership changes and wider general succession plan for senior management.

Membership: Garry Jones (chair), Isabella da Costa Mendes, Simon Davies, Julia Goh, David Hodnett, Fang Hu and Li Li.

Judith Eden and Andile Kenneth Fihla served on this committee during the period until resigning as directors of the Company.

BOARD IT COMMITTEE

This Board sub-committee comprising of executive and non-executive directors, assist in discharging the Board's duties in relation to strategic-level oversight of the Group's IT environment including technology execution, investment, governance and resilience; cybersecurity; enterprise data management; digital transformation; and e-commerce. The committee complements the Board Audit and Board Risk Management Committees; it met three times during 2025.

During 2025, the work of the committee included:

- Overseeing and reviewing the Group's technology strategy in line with its wider strategic aims;
- Monitoring progress on the Group's significant strategic technology-driven projects;
- Overseeing the Group's technology project headcount and costs to facilitate strategic objectives;
- Examining progress on cybersecurity and Artificial Intelligence change and investment; and
- Reviewing updates on technology governance and infrastructure stability.

Membership: Garry Jones (chair), Isabella da Costa Mendes, Chong Gao, Guido Haller, Yabing Hu, Philip Hurley and Yi Qiu.

Wenbin Wang served on the committee during the period until resigning as a director of the Company.

EXECUTIVE COMMITTEE

This committee is responsible for the Group's day-to-day management. Subject to the overall authority of the Board, the committee meets regularly to develop business strategy, initiate and review strategic initiatives and recommend business plans to the Board. The committee also monitors financial performance against budget, monitors risk, and oversees key capital management and liquidity planning documents, as well as all matters related to regulatory responsibilities. Each month, the committee reviews the viability early warning indicators and if required, ensures appropriate actions are taken. The committee is also tasked with developing the Group's response to environmental issues, including climate change and other sustainability matters, for review and approval by the Board.

The committee holds scheduled monthly meetings and additional ad-hoc meetings as required.

The committee comprises executive directors and other senior executives. Its members at the date of this report were:

- Chong Gao
(Committee Chairman and Chief Executive);
- Bradley Duncan
(Chief Financial Officer);
- Richard Fielder
(Chief Risk Officer and Chief Compliance Officer);
- Philip Hurley
(Head of Global Markets);
- Binliang Jin
(Alternate Chairman and President);
- Yi Qiu
(Deputy General Manager); and
- Matthew Zheng
(Deputy General Manager, Global Markets).

Other key business and functional heads are also standing invitees.

Wenbin Wang served on the committee during the period until resigning as a director of the Company.

The committee reviews the key activities of its major sub-committees, which support it in fulfilling its responsibilities.

These sub-committees include:

- Asset and Liability Management Committee;
- Risk Management Committee;
- Regulatory Compliance Committee;
- Counterparty Risk Management Committee;
- New Products and Significant Transactions Approval Committee;
- Transaction Acceptance Committee;
- Investment and Change Committee; and
- Asia and Americas Regional Management Committees.

Principle 4 – Opportunity and Risk

The Directors consider the long-term strategic opportunities as part of the annual strategic review and planning cycle. The Board sets the Group's risk appetite statement and delegates responsibility to the Chief Executive and the executive management team to pursue business opportunities in line with the agreed business strategy and within the risk appetite. Opportunities identified by executive management, which are outside of usual strategy and risk appetite, are escalated to the Board for further review and consideration.

New business opportunities are subject to rigorous internal governance and approval processes, supported by specialist executive sub-committees, including the New Products and Significant Transactions Approval Committee, Counterparty Risk Management Committee, Credit Committee and the Transaction Acceptance Committee, with oversight from the Executive Committee.

The principal risks to which the Group is exposed together with the mitigating actions are set out in note 37 to the Group's annual financial statements. This note provides further information on the governance structure of the risk management framework, stress testing and detailed risk category descriptions and analysis.

The Board has ultimate responsibility for the oversight of risk, capital planning, liquidity management and regulatory and legal compliance (including conduct risk) and delegates certain responsibilities to the Board Risk Management Committee and Board Audit Committee, as summarised earlier in this report.

Principle 5 – Remuneration

As described above, the Board delegates oversight of remuneration policy and practice to the Board Remuneration and People Committee. The Group's remuneration policy statement is included within its consolidated annual report and covers the remuneration governance process, principles and strategy, and the application of policies in relation to discretionary incentive awards, deferral, and adjustment.

Principle 6 – Stakeholder Relationships and Engagement

In consideration of the Directors' responsibilities under section 172(1) of the Companies Act 2006, the Board has defined the Group's key stakeholders as shareholders, clients, regulators, suppliers, employees and community. Details on stakeholder relationships and engagement are included in the Strategic report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the annual report, including 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 are required to prepare the Group and Company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

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 Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in international accounting standards in conformity with the requirements of the Companies Act 2006 are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Make an assessment of the Company's ability to continue as a going concern.

Responsibility statement of the Directors in respect of the annual financial report

The Directors confirm that to the best of their knowledge:

- The financial statements, which have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and Company;
- The Strategic report and Directors' report include a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that they face;
- The annual report and financial statements, taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's and the Group's position, performance, business model, and strategy.

Approved by the Board and signed on its behalf by:



Paul Hanson
Secretary
25 February 2026

20 Gresham Street
London EC2V 7JE

Public company limited by shares
Registered in England and Wales No. 02130447

REMUNERATION POLICY STATEMENT

INTRODUCTION

This statement provides stakeholders with an understanding of our remuneration philosophy and practices as at February 2026.

At the core of our strategy is the value we place on our people as a primary differentiator. Highly skilled and experienced people, both revenue generators and enablers, are essential in delivering sustainable growth for shareholders within prudent risk boundaries.

The primary objective of our remuneration strategy is to implement designs and practices that rewards value delivered on a pay for performance basis within the context of control management and sustainability, adjusted appropriately for risk assumed.

A second objective is to provide competitive remuneration in the global marketplace for skills. We seek to reward all employees in a manner that is fair, to the individual and to shareholders, while avoiding an incentive-centric culture that can distort motivations and encourage excessive risk-taking.

Promoting effective teamwork is a third vital component of our remuneration strategy. Remuneration scheme designs and performance evaluation processes must motivate strong and sustained performance within teams.

Within this wider strategic context, the Board Remuneration and People Committee seek to design and implement structures and practices that are specifically tailored to our business strategy.

Principles that underpin the remuneration strategy

The key principles that underpin our remuneration strategy and determine individual reward are described below.

- We reward sustainable, long-term business results and remuneration schemes are linked to both financial and non-financial objectives.
- Individual rewards are determined according to Group, business unit and individual performance, based on financial and non-financial factors, including behaviour. Wherever available and relevant, external market information is used to inform remuneration decisions.
- The Group aims to adhere to ICBC Head Office guidance on staff cost management which encourages improvements in staffing costs and overall cost efficiency, whilst also factoring in local market dynamics and a pay for performance philosophy.
- The focus is on total reward, comprising fixed and variable discretionary components, seeking to be competitive across both elements at market-competitive levels, drawing on relevant information from various sources, including external advisers.
- We operate an annual deferred discretionary incentive arrangement for employees identified as senior managers or material risk takers, as categorised under the qualitative and quantitative criteria of the UK FCA/PRA remuneration regulations. This strengthens the retention effect of incentive remuneration and enables us to comply with malus and clawback obligations.
- We do not discriminate between employees based on diversity or any protected characteristic. Gender pay gap reporting is submitted per legal requirements and the outputs are reviewed at Board level with any necessary action plans taken.
- Remuneration designs comply with all legal, regulatory and risk adjustment requirements. A robust risk adjustment policy is adhered to at an individual and Group-wide incentive pool level. This includes the ability to apply positive adjustments for exceptional behaviours and promote risk management in line with our stated strategy and risk tolerance. Discretionary incentive awards may be considered for risk and performance adjustment in the case of an adjustment event; this could include malus during the vesting period of a deferred portion of an award and, for MRTs, clawback after vesting of any portion of an award.

Remuneration Governance

Remco is responsible for determining the broad policy for executive remuneration and approving individual remuneration packages for executive directors, senior managers and executive MRTs as determined by the relevant regulatory criteria, and other senior executives, as appropriate. The Committee has oversight to ensure that competitive reward strategies and programmes are in place to facilitate the recruitment, motivation and retention of high-performing staff at all levels in support of realising corporate objectives and safeguarding shareholder interests. Senior ICBC Group assignees are subject to additional ICBC Group moderation and adjustment.

Remco regularly reviews the Group's remuneration policies, structures and practices, to ensure their principles are effective and in accordance with regulatory requirements.

Remco annually approves the incentive pool and oversees the principles applied in its allocation to business units and individual employees. The allocated pools are shaped by a combination of Shareholder, Group and business unit performance, and multi-year financial metrics, taking account of capital efficiency, risks assumed and an evaluation of the business area's future development and growth prospects.

Stakeholders are enabled to make a reasonable assessment of reward practices, and Remco members have unrestricted access to information that informs their independent judgements on the possible effects that remuneration may have on compliance with risk, regulatory and behavioural controls.

Remco includes representatives from Board Audit and Board Risk Management Committees, including independent non-executive directors, who have relevant experience in evaluating risk and operating commercially and sustainably in a competitive environment, whilst maintaining transparency on remuneration designs with employees and shareholders.



SUSTAINABILITY REPORT

The sustainability report sets out our approach to managing sustainability-related risks and opportunities. It explains the governance supporting sustainability decisions, the integration of these considerations into strategy and risk management, and the enhancements of disclosures, capabilities and alignment with emerging sustainability standards.



This report focuses on ICBC's sustainability strategy and how we are managing sustainability-related risks and opportunities, with a focus on climate-related risks and opportunities in 2025. Its content is informed by the required disclosures of The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022, coupled with consideration given to the recommendations of the Task Force on Climate-Related Financial Disclosures and International Sustainability Standards Board's International Financial Reporting Standard's Sustainability Disclosure Standards S1 and S2.

As we continue our journey with regards to sustainability and complying with the associated regulations and disclosure requirements, we set out our alignment to the current TCFD recommendations on the following pages:

- Governance: page 34
- Strategy: page 35
- Risk Management: page 43
- Metrics and Targets: page 49

GOVERNANCE

We incorporate within our governance framework the oversight and management of sustainability, including climate-related risks and opportunities.

The Board takes overall responsibility for risk management, legal and regulatory compliance, and review and monitoring of sustainability-related risks and opportunities. Through delegated authority from the Board, the Board Risk Management Committee and Board Audit Committee provide independent and objective oversight of risk management, compliance and reporting.

The executive-level Risk Management Committee and its sub-committees oversee the climate-related risk responsibilities. These include formulating the Group's climate risk strategy; providing oversight of climate related risks; monitoring adherence to the agreed risk appetite, including reviewing climate change scenarios and stress tests; and assessing any reputational risk implications. BRMC receives climate-related risk information quarterly.

Sustainable opportunities identified form part of a consolidated strategic plan reviewed by Executive Committee and subsequently presented to the Board for final ratification. As we further integrate sustainability practices into our businesses, there are other executive committees that will consider sustainability-related risks and opportunities when executing their functions.

STRATEGY

AN INTEGRATED AND PROPORTIONATE SUSTAINABILITY STRATEGY

To fulfil our Purpose...

ICBC Standard Bank is committed to supporting clients in achieving their energy transition and sustainability goals, while managing its related risks and opportunities to maintain its position as a resilient and profitable business.

We must...

Maintain our **profitability** to build a sustainable business model.

Manage our **exposures** prudently in consideration of current and future sustainability-related risks.

How...

With consideration given to our risk appetite and economic returns, ICBCS supports social and economic development of emerging markets through provision of:

- renewable structured finance deals;
- products that support lower carbon intensity energy; and
- metals critical to the energy transition

ICBC Standard Bank will uphold **responsible banking and sourcing practices**, maintain a **diverse and inclusive workforce**, and **support local communities**.

OUR APPROACH

The sustainability strategy has been agreed after careful consideration of various factors, including our:

- emerging markets client base;
- focus on trading and structured finance;
- regulatory requirements;
- risk appetite;
- financial targets and commercial strategy;
- direct operational footprint; and
- stakeholders' expectations.

IDENTIFYING AND ASSESSING SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES

In identifying and assessing sustainability-related risks and opportunities, we consider:

- Stakeholders' expectations;
- Market dynamics for primary sectors;
- Geographies and countries in which we operate;
- Regulatory requirements and government policies;
- Exposures to physical and transition risks;
- Credit risk appetite;
- Social risks; and
- Opportunities for new products and services related to financing the energy transition and circular economy.

To enhance our management of sustainability-related risks, we have integrated a comprehensive sustainability questionnaire into the client onboarding process. This ensures that new clients are assessed against our environmental risk policy and risk appetite. Additionally, it helps us understand our clients' stance and maturity on various sustainability factors, such as environmental impact, social responsibility, and governance practices.

In addition, client and counterparty credit appetite are subject to climate risk-related evaluation through a scoring mechanism and consideration is given to the tenor of exposures, and exposure to physical and transition risk.

KEY CONSIDERATIONS

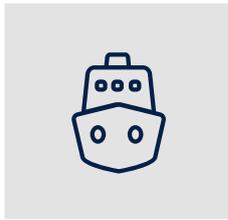
Given the nature of our business as a financial services company with a small operational footprint, our direct sustainability impact is not material, yet we remain aware of the indirect impacts we have through our clients' activities. Our indirect impact will shift based on changes in client behaviour.

In our environmental policy, we have classified certain activities into three groups. These activities are more sensitive from a climate risk perspective and could cause increased exposure to the Bank, from both a financial and non-financial perspective.

PROHIBITED ACTIVITIES

We will not directly facilitate new activities with any of our current or prospective clients:

FISHERIES



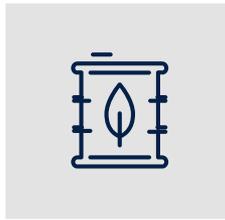
Activity

Commercial drift net or bottom trawling fishing.

Climate impact

Marine sediments hold the planet's largest pool of organic carbon, so commercial bottom trawling releases significant emissions and contributes to ocean acidification and habitat destruction.

ENERGY



Activity

Arctic circle drilling and exploration.

Climate impact

Drilling and exploration in this region is particularly sensitive as temperatures in the region have warmed at more than twice the global average, sea-level rise and ocean warmth is accelerating causing biodiversity loss. Melting permafrost also releases trapped methane, the most potent heat trapping gas, into the atmosphere.

Coal-fired power plants.

Upon burning, coal produces several gaseous by-products, including carbon dioxide, nitrogen oxide, sulphur dioxide and methane gas.

Tar sands drilling and exploration.

The extraction process is more challenging than with conventional crude leading to higher emissions. Air pollution results from an increase in nitrogen oxide and sulphur dioxide release.

AGRI-COMMODITIES



Activity

Production or trading in palm oil.

Climate impact

The palm oil industry has grown rapidly and is a major driver of deforestation, resulting in biodiversity loss, illegal logging, forced resettlement of communities and pollution.

Deforestation and/or burning tropical rainforest to produce agri-commodities.

The main impacts of deforestation include reduced biodiversity, loss of carbon sinks, release of emissions, disrupted water cycles and soil degradation.

MINING



Activity

Mountain top removal.

Climate impact

The practice releases air pollutants such as nitrogen oxide and sulphur dioxide contributing to water and soil acidification. Deforestation also results in soil degradation, loss of carbon sinks and biodiversity loss.

Mining, trading or processing dedicated to coal.

As well as the impacts associated with mining operations, coal mining causes mine drainage, resulting in heavy metals dissolving and seeping into ground and surface water. The practice often leads to significant release of fugitive coalbed methane, mainly at underground operations.

RESTRICTED ACTIVITIES

We may restrict a transaction or exposure through tenor, notional or concentration limits. The transaction approval committee consider any reputational risks, with the credit committee determining the final level of exposure and any restrictions.

MINING



Activity

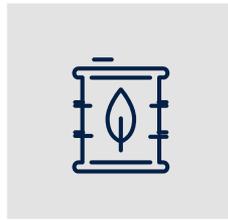
Mining of uranium and thorium ores.

Mining or manufacturing of fertilizers, nitrogen compounds, and chemicals.

Criteria

Transaction by transaction basis (No exposure to this activity at 31 December 2025).

ENERGY



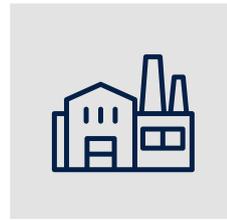
Activity

Oil and Gas including fracking (excluding prohibited activities).

Criteria

Total exposure < 25% of credit economic capital (9.8% exposure at 31 December 2025).

INDUSTRIALS



Activity

Manufacture of cement
Manufacture of paper and pulp.

Criteria

Transaction by transaction basis (No exposure to this activity at 31 December 2025).

CONSUMER



Activity

Logging.

Criteria

Transaction by transaction basis (No exposure to this activity at 31 December 2025).

MONITORED ACTIVITIES

No restrictions are placed on monitored activities, however due to the activities being sensitive to environmental (including climate) risks, exposure will be reported quarterly and monitored against overall exposure levels.

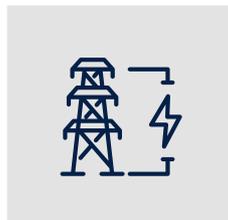
MINING AND METALS



Activity

Manufacturing and processing of metals and minerals (excluding metal traders).
All activities related to mining (excluding prohibited and restricted activities).

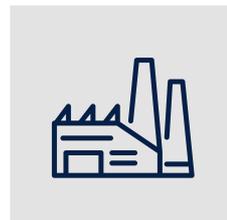
POWER AND INFRASTRUCTURE



Activity

Power generation (excluding coal and renewable).
Energy transmission.

INDUSTRIALS



Activity

Chemicals.
Automobiles.
Manufacturing (excluding group 1 and 2 lists).
Airlines.

CONSUMER



Activity

Agricultural activities including cultivation, processing, distribution and wholesale.

These activities are monitored on a quarterly basis and presented at the Risk Management Committee for review, and thereafter they are presented at the Board Risk Management Committee.

RISKS AND OPPORTUNITIES IDENTIFIED

Our balance sheet generally consists of assets with shorter (i.e. less than one-year) tenors. Our planning cycle is a five-year cycle. On this basis, we have assessed our sustainability-related risks and opportunities as short term (less than one year), medium term (between one year and five years) and long term (greater than five years).

The tables below indicate our current view and potential time horizons over which the strategy could be impacted by climate related risks:

CLIMATE-RELATED RISKS IDENTIFIED OVER SHORT, MEDIUM AND LONG TERM

PHYSICAL RISKS

| Severity of change | Acute | Chronic |
|--|--|--|
| Climate-related events | <ul style="list-style-type: none"> Increased severity of extreme weather events such as hurricanes, wildfires and flooding; Heat stress – acute periods of extreme temperatures; and Water stress – acute periods of severe water shortage. | <ul style="list-style-type: none"> Changes in precipitation patterns and extreme variability in weather patterns; Rising mean temperatures; and Rising sea levels. |
| Time horizon | Short - long | Long |
| Actual or potential impacts on business model and strategy | <ul style="list-style-type: none"> Short lived extreme weather impacts; Disruptions to operations, transportation, supply chains, etc.; and Damage to physical assets and impacts on insurance pricing and availability. | <ul style="list-style-type: none"> Impacts due to slow insidious change such as increasing temperature or water stress; and Degradation or limitations on resource availability e.g. labour, natural resources, etc. |
| Risk types impacted | Credit, market, liquidity, operational | Credit, operational |

TRANSITION RISKS

| Risk driver | Policy and Legal | Market and Economic | Technology | Reputation |
|--|---|--|--|--|
| Description | <ul style="list-style-type: none"> Increased pricing of GHG emissions; Enhanced reporting obligations; Regulation of products and services; and Exposure to litigation. | <ul style="list-style-type: none"> Changing customer behaviour; Increased cost of materials; and Uncertain market signals. | <ul style="list-style-type: none"> Substitution of products and services with lower emissions options; Unsuccessful investment in new technologies; and Costs to transition to lower emissions technology. | <ul style="list-style-type: none"> Consumer preference shifts; Stigmatisation of sector; and Stakeholder concern. |
| Time horizon | Short – long | Short – long | Short – long | Short – long |
| Actual or potential impacts on business model and strategy | <ul style="list-style-type: none"> Clients in high carbon industries such as oil and gas could see higher production costs and reduced demand for their products through emission pricing schemes, resulting in assets becoming stranded, impaired and written-off; and Such clients are also likely to be more exposed to climate-related litigation and scrutiny around their transition plans. | <ul style="list-style-type: none"> Market sentiment towards carbon intensive assets could change suddenly due to policies such as carbon taxes; Sharp declines in clean energy costs could see consumers move away from carbon intensive products and businesses; and Clients in high carbon industries could see sudden declines in price or valuation of their assets, increasing the probability of default (PD) or assets being stranded. | <ul style="list-style-type: none"> The market share and pricing power of fossil fuel companies may be reduced leading to falls in valuation and increase in PD; and Clients in industries with high energy consumption such as those in steel or chemical production will incur significant costs to transition to lower carbon alternatives, impacting margins and profitability. | <ul style="list-style-type: none"> Clients or entire industries may suffer declines in revenues or higher costs to comply with regulation or may be seen as being too slow to transition their business to a low carbon model; These issues could threaten the viability of such clients or industries; and We could in turn suffer reputational damage from association with such clients and/or industries. |
| Risk types impacted | Credit, market, liquidity, operational | Credit, market, liquidity, operational | Credit, market, operational | Credit, market, liquidity, operational |

The tables below indicate our current view and potential time horizons for identified opportunities:

Sustainability-related opportunities over short, medium and long term

COMMODITIES

| Opportunity | Renewable structured finance deals | Financing of lower carbon products | Financing of metals critical to the energy transition |
|--|---|---|--|
| Description | <ul style="list-style-type: none"> Seek to prioritise solar, wind, batteries, transmission infrastructure and other deals with strong sustainability credentials and within risk appetite. | <ul style="list-style-type: none"> Build out of derivatives in lower carbon products; Increase in physical financing of lower carbon products; and Build out more comprehensive liquefied natural gas and other gas product suite. | <ul style="list-style-type: none"> Focus on metals critical to the energy transition (eg. copper, cobalt, nickel, lithium); Seek to increase trading and financing of critical metals; and Execute plan for product evolution (eg. nickel matte and MHP, copper concentrates, and lithium). |
| Time horizon | Short – long | Short – medium | Short – medium |
| Actual or potential impacts on business model and strategy | <ul style="list-style-type: none"> Increase the pipeline and diversity of energy product offerings; Develop expertise as sector evolves; and Changes to geographical and customer portfolio. | <ul style="list-style-type: none"> Facilitate client's transition to lower carbon fuels. | <ul style="list-style-type: none"> Low impact on business model as expansion of current business lines. |

FIXED INCOME AND CURRENCIES

| Opportunity | Supporting economic and social development in emerging markets |
|--|---|
| Description | <ul style="list-style-type: none"> • Create access to and liquidity in emerging markets by developing capital markets, international debt mobilisation and investment; and • Continued financing of emerging market sovereigns, state owned enterprises and financial institutions in support of the development. |
| Time horizon | Short - long |
| Actual or potential impacts on business model and strategy | <ul style="list-style-type: none"> • Potential increased coverage and exposure to emerging regions and countries; and • Increase regional expertise capabilities. |

RESILIENCE

Given our largely short-dated trading focus, we can be agile in mitigating some aspects of climate-related risks as well as capturing relevant opportunities as markets develop. In the medium to long term the requirement for carbon-based working capital solutions may decline. The impacts to business planning and strategy will be regularly evaluated as sustainability and climate-related events evolve.

Our scenario analysis capabilities continue to strengthen, though remain largely focused on stressing the current portfolio positions. Under the current scenarios explored, we consider our business model and strategy resilient. Further resilience will be tested in future as our model matures. For further details on our scenario analysis refer to scenario analysis section on page 46.

RISK MANAGEMENT

Our approach is to treat climate-related risk as a cross-cutting risk that manifests through, or impacts on, other risk types such as credit, market and operational risk.

Climate-related risks can crystallise through either physical or transition risk events. The transmission channels from a climate-related risk that then manifest as a financial or non-financial risk are wide ranging, with an event potentially having a consequential impact on multiple risk types.

We define climate risk in our risk taxonomy in the following way:

Climate-related risks refer to risks (credit, market, operational, etc) posed by the exposure of the Bank or financial sector to physical and transition risks caused by, or related to, climate change.

Physical risks can be either:

- **Acute** risks arising from climate and weather-related events such as hurricanes, floods, wildfires and droughts; and
- **Chronic** risks arising from longer term shifts in climate and weather patterns such as rising mean temperatures, rising sea levels and ocean acidification.

Transition risks relate to financial risks which may result from the process of adjustment to a lower-carbon and more circular economy. A range of factors could influence this adjustment including:

- policy and regulation;
- disruptive technology and business models;
- shifting societal sentiment; and
- legal case law.

The principal risk type frameworks and policies include specific climate-related considerations. A policy that covers climate-related risk (as a subset of environmental risk) is reviewed and updated annually. As a cross-cutting risk, our existing risk governance framework is utilised to manage climate-related risk. For example, if a counterparty is considered to be particularly vulnerable to climate-related risk through the credit assessment process, this will be factored in when determining the appropriate credit rating and appetite towards the counterparty.

CLIMATE-RELATED RISK MANAGEMENT

The table below illustrates how climate-related risk is embedded within key processes of our existing risk framework.

| Risk type | Definition | Climate impact |
|---|--|---|
| <p>CREDIT RISK</p>  | <p>Risk of loss arising out of failure of counterparties to meet their financial or contractual obligations when due.</p> | <p>A counterparty could be exposed either through physical risks to its operations and assets or transition risk to its sector(s) of operation.</p> <p>Economic impacts may affect their cash flows, leading to a higher PD and/or loss given default.</p> |
| <p>MARKET RISK</p>  | <p>Risk associated with the change in market value, earnings (actual or effective) or future cash-flows of a standalone underlying financial instrument.</p> | <p>Market value loss due to societal, legal and technological response to climate change resulting in investor perception of profitability and a consequent revaluation.</p> <p>Physical risk channels can also result in market value loss due to weather impacts particularly affecting commodities and property.</p> |
| <p>LIQUIDITY RISK</p>  | <p>Risk that a firm, although solvent, does not have available sufficient financial resources to enable it to meet its obligations as they fall due.</p> | <p>Commodity prices could change significantly leading to margining.</p> <p>Depositors impacted by climate-related risks may withdraw funding to meet their cash flow needs.</p> |
| <p>OPERATIONAL RISK</p>  | <p>Risk of loss suffered because of inadequacy of, or a failure in, internal processes, people and systems or from external events.</p> | <p>Physical risk increased through severe weather events affecting our own (or suppliers) operations and assets could lead to financial loss as assets are impacted or liabilities arise.</p> <p>Liability claims may increase from parties who have suffered climate-related losses and seek to recover those losses from those they deem responsible.</p> |
| <p>SUPPLIER RISK</p>  | <p>Risk of a supplier failing such that the Group is impacted by no longer receiving the relevant service.</p> | <p>Suppliers, and their chains, could be impacted or disrupted because of climate-related events impacting their ability to provide the relevant services.</p> |

Key risk management processes

- Climate-related impacts assessed as part of credit analysis through a scorecard;
 - The internal credit rating may be adjusted because of the scorecard output;
 - Scenario analysis undertaken on the credit portfolio (see scenario analysis section); and
 - Sustainability assessment undertaken at client on-boarding stage for corporate counterparties.
-
- Climate-related stress tests implemented and run alongside other macroeconomic stress scenarios.
-
- Climate-related factors have previously been considered within the internal stress scenario.
-
- Climate-related considerations embedded within new product approvals, risk and control self-assessment and business continuity scenarios;
 - Operational risk scenario analysis impact of climate change on relevant scenarios; and
 - The Physical Commodities Risk Assurance function includes a modelled projection of certain perils such as flood risk on storage facilities as part of the on-boarding assessment.
-
- The supplier risk methodology includes climate-related considerations as part of a wider environmental risk consideration during the supplier on-boarding process.
-

CLIMATE SCENARIO ANALYSIS

Our approach to quantifying impacts of climate-related scenario analysis continues to evolve. We expect to further strengthen our approach, through modelling a cumulative impact of the scenarios over a specified time horizon. Given this, outputs are not currently being used to actively inform business decisions but have been used during the year to inform business resilience analyses.

We use scenarios provided by Oxford Economics' Global Climate Service, enabling assessment of physical and transition risks over short, medium and long-term horizons.

1. The carbon price set up includes both an explicit carbon price and shadow carbon price:
 - The explicit carbon price is the price put on carbon that generates carbon revenue for the government.
 - The shadow carbon price instead captures other regulations (e.g. energy efficiency standards) that incentivize a switch towards lower-carbon energy. This price does not generate any carbon revenues.

The average carbon price (above) is a cross-country average of country-specific carbon prices, which take both the explicit and shadow carbon price into account.
2. The amount of revenue raised from the explicit carbon price used by governments to recycle back into the economy in terms of green investment.
3. Carbon capture is an external assumption covering Carbon Capture Utilisation and Storage "CCUS" (capturing CO₂ from industrial sources for permanent storage or limited reuse) and Carbon Dioxide Removal "CDR" (removing CO₂ already in the atmosphere via engineered or natural methods) to help close the gap to scenario emissions and temperature pathways.

| Assumptions per Oxford Economics | Scenarios | | |
|---|--|--|---|
| | Net Zero (early action) | Delayed Transition (late action) | Climate Catastrophe (no action) |
| Narrative | <p>Net zero emissions are achieved through early policy action, technological advances and global coordination.</p> <p>The impact on the economy is modest, with higher investment helping to offset carbon taxes.</p> | <p>A delay in climate policy implementation requires stricter policy over time.</p> <p>Difficulties in shifting towards renewables and aggressive carbon taxes create substantial inflationary pressure and greater energy efficiency gains.</p> | <p>Governments fail to meet their policy pledges and the concentration of greenhouse gases in the atmosphere intensifies.</p> <p>Global temperatures warm by 2.7°C by 2060, resulting in severe physical damages that accelerate over time.</p> |
| Nature of transition | Smooth | Disruptive | Incomplete |
| Carbon price (2060, World mean shadow price, \$/tCO ₂) ¹ | 942 | 979 | 40 |
| Carbon tax revenue recycling ² | 50% | 50% | 0-50% |
| Cumulative energy investment (\$ trn) | 180 | 180 | 60 |
| Innovation | Medium | Medium | Low |
| Carbon capture ³ | Medium | Medium | None |
| Physical risk | Low | Low | Extreme |
| Global Warming (2060, mean) | 1.6°C | 1.7°C | 2.7°C |

Source: Oxford Economics Q4 2025 Global Climate Service.

Conducting climate scenario analysis raises several challenges. The time horizons being assessed are beyond normal business planning horizons, introducing significant levels of uncertainty. Data gaps remain a challenge and necessitate a greater use of proxies and assumptions. The utilisation of a static balance sheet does not factor in how counterparties may adapt or evolve. The need to be forward-looking with climate scenario analysis also means a probability distribution from past shocks is not possible.

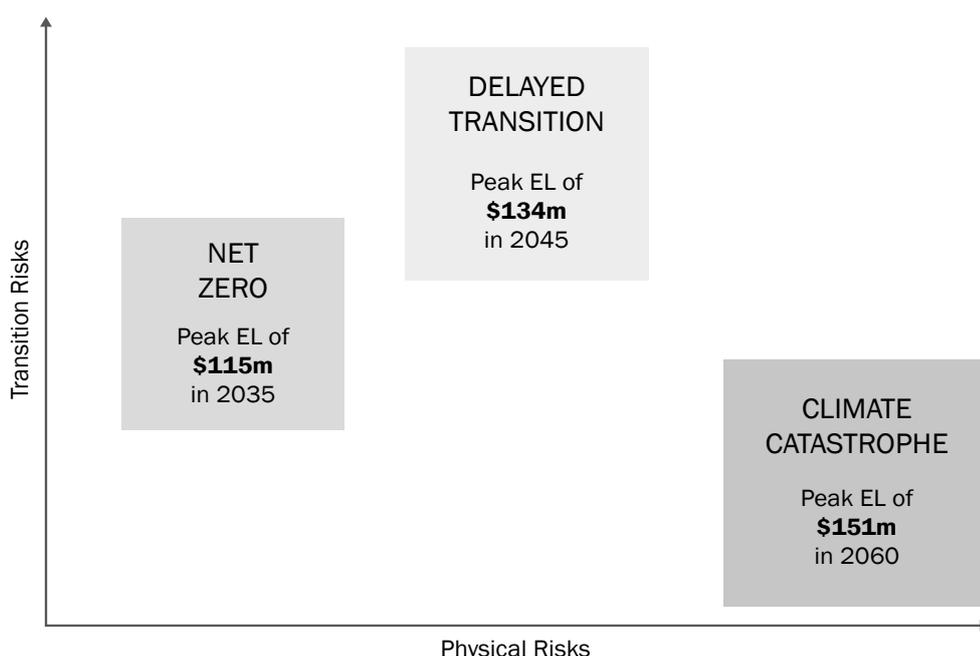
To assess the impact of climate change on our business, we leverage predictive capabilities delivered by OE. Historically being one of the leaders in economic forecasting, OE translates widely accepted climate scenario narratives into a set of macroeconomic projections, out of which we select the variables which are most relevant to our portfolio. Once we finalise a pool of risk drivers, we implement climate scenario analysis within our internally maintained economic capital calculation framework. This allows us to align industry accepted views on climate pathways with our internal assessment of portfolio risk.

The outcome of such an exercise produces the entire distribution of possible losses conditional on pre-specified scenarios, a pool of risk drivers and the magnitudes of their shocks, over specific one-year time horizons for each scenario i.e. year 1, 5, 10, etc. The flexibility of this approach allows calculation of a wide variety of financial KPIs. However, Expected Loss, is taken as the most relevant measure of future riskiness and severity of each scenario.

We have conducted a scenario analysis exercise based on a static balance sheet using the December 2025 portfolio. The magnitude of shocks was taken from the years 2026, 2027, 2029, 2034, 2039, 2044, 2050 and 2060 of the chosen OE scenarios, which cover a range of different policy and regulatory pathways, temperature outcomes and time horizons.

The size of the block below indicates the peak EL across all the years, with the Net Zero results in early increases in expected losses as high carbon prices and tightening policy reduce profitability in carbon intensive sectors, particularly oil & gas, while renewable power and construction sectors benefit from strong investment. Losses then decline over the long term as the economy decarbonises and physical risks are avoided. In contrast, Climate Catastrophe produces only modest early impacts but a steep rise in long term losses, driven by severe physical damages that depress productivity and raise costs across sectors; despite short term gains for oil & gas from higher prices, these are outweighed by escalating physical risk. As a result, Net Zero peaks then improves, whereas Climate Catastrophe deteriorates continuously, generating the highest long run expected losses, notably in the Sovereign sector.

PEAK ANNUAL EXPECTED LOSS BY CLIMATE SCENARIO



SHORT-TERM SCENARIOS

We have also started to model the impact of climate-related scenarios over shorter time horizons i.e. up to 5 years. Following the Network for Greening the Financial System releasing their first vintage of scenarios that analyse the potential near-term impacts of climate policies and climate change of financial stability, we have chosen two scenarios adapted by OE to assess the impacts on our portfolio.

The OE scenarios are (a) Sudden Wake Up Call and (b) Disasters and Policy Stagnation. Due to both their shorter time horizon and the current composition of the credit portfolio, these scenarios resulted in smaller peak expected losses – \$59m under Disasters and Policy Stagnation and \$55m under Sudden Wake Up Call.

The key differences between the NGFS and OE versions of these two scenarios are summarised below.

| Dimension | OE Short-Term | NGFS Short-Term |
|-------------------------------|---|---|
| Model | Single global econometric model (consistent across horizons) | Separate models for short-term (GEM-E3-based) vs long-term IAM-linked frameworks |
| Baseline | Same baseline for short + long term | Different baselines |
| Narratives | Uses NGFS narratives but re-implements them with OE parameters | Set of four prescribed narratives (Highway to Paris, SWUC, DAPS, Diverging Realities) |
| Shock dynamics | More persistent inflation, slower recovery; model-driven macro-financial channels | Often stabilising after initial shock; more stylised transitions |
| Physical risk | Calibrated using NGFS sectoral data but OE macro propagation | Direct outputs from NGFS physical-risk modules |
| Financial Markets | Detailed equity/bond reactions calibrated to real-world episodes | Available at higher level |
| Comparability across horizons | Short- and long-term scenarios share the same modelling framework, although scenario assumptions and risks modelled differ across horizons. | Not directly comparable to NGFS long-term pathways |

METRICS AND TARGETS

We remain committed to transitioning towards a lower carbon economy. Given the complexity and relative trade-offs in our markets and products, we are currently focused on establishing a baseline for our activities. In line with our risk appetite and efforts to manage climate-related risks, we will monitor our progress and aim to set targets in the future. We have identified the following sectors with elevated climate risk (as noted in the table below) as a metric and continue to monitor our exposure to these sectors.

CREDIT EXPOSURE AT YEAR END TO SECTORS WITH ELEVATED CLIMATE RISK

Credit exposure represents lending and derivative (measured as potential future exposure at 95% confidence interval) exposure.

1. Represents exposure to power generation from coal-fired power plants.

2. Represents exposure to manufacturers other than automobiles and metals.

3. Represents exposure to manufacturing of metals including smelting. It does not include metal traders.

4. Represents exposure across the value chain i.e. upstream, midstream and downstream.

5. Represents exposure to all other forms of power generation excluding coal.

| Sector | 2025 (\$m) | 2024 (\$m) | YoY % change |
|---|---------------|---------------|-----------------|
| Agriculture | 22.1 | 6.5 | >100% |
| Airlines | 74.6 | 51.1 | 46% |
| Automobiles | 62.2 | 121.6 | -49% |
| Chemicals | 71.2 | 41.5 | 72% |
| Coal ¹ | 8.3 | 18.8 | -56% |
| Manufacturing ² | 61.6 | 25.2 | >100% |
| Metals ³ | 1,109.2 | 466.6 | >100% |
| Mining | 402.1 | 267.2 | 50% |
| Oil and Gas ⁴ | 1,285.9 | 935.4 | 37% |
| Power Generation ⁵ | 133.6 | 108.3 | 23% |
| Elevated climate risk exposures as % of total exposures | 25.6% | 24.5% | 4% |

STREAMLINED ENERGY AND CARBON REPORTING

In accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 and relevant regulatory requirements, we disclose our Streamlined Energy and Carbon Reporting as follows.

We monitor our energy use and proactively identify ways to generate energy efficiencies. This includes complying with the UK Government's policy on Streamlined Energy and Carbon Reporting.

The 2025 footprint has been produced in line with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, and we use the operational control approach to report operational emissions. This means we account for 100% of emissions from operations over which we have operational control (ICBCS and its subsidiaries).

The below summary reflects the emissions across our UK and Global operations year on year.

| Summary | 2025 UK | 2025 Global | 2024 UK | 2024 Global |
|---|-----------|-------------|-----------|-------------|
| 1. CO ₂ e – tonnes of carbon dioxide equivalent. | | | | |
| Scope 1 emissions ¹ / tCO ₂ e | 81 | 86 | 76 | 88 |
| 2. Total Scope 1 and Scope 2 emissions per kilowatt-hour (kWh). | | | | |
| Scope 2 emissions, location-based / tCO ₂ e | 265 | 515 | 345 | 711 |
| Scope 3 emissions / tCO ₂ e | 2,085 | 2,608 | 2,788 | 3,644 |
| Total gross emissions /tCO ₂ e | 2,431 | 3,209 | 3,209 | 4,443 |
| Energy consumption ² : emissions / kWh | 1,722,556 | 2,356,570 | 2,069,380 | 2,989,588 |
| Intensity ratio ³ : tCO ₂ e / Average FTE | 3.3388 | 3.7581 | 4.4018 | 5.1722 |

Scope 1

All direct emissions from sources that are owned or controlled by ICBCS, for example, natural gas from boilers and fugitive emissions (gases accidentally released into the atmosphere) from air conditioning units.

Scope 2

Indirect emissions from electricity purchased and used by the organisation. Emissions are created during the generation of purchased energy, for example, purchased electricity and district heating. This is calculated using an average emissions intensity for the grids on which the energy consumption occurs.

Scope 3

All other indirect emissions from non-owned or controlled sources, including business travel (air, rail, grey fleet, and rental cars) and upstream leased assets (data centres). This does not include the emissions that we finance.

We obtained activity data from the respective landlords and service providers. For business travel, we used the distance-based method (kilometres travelled) and cabin class where applicable. We converted the UK activity data into tonnes of carbon dioxide equivalents (tCO₂e) by multiplying by external emissions factors obtained from the Department for Energy Security and Net Zero and Department for Business, Energy and Industrial Strategy – GHG Conversion Factors. For the global conversions we used the environmental guidelines of the applicable country.

The reduction in Scope 2 emissions for UK is due to the refurbishment of the UK office resulting in the closure of floors and therefore lower electricity usage. In addition, the global reduction further relates to the relocation of the New York office in 2024 which generated an overlap of utilities usage for the two offices.

The reduction in Scope 3 emissions is mainly attributable to improved data in the Department for Energy Security and Net Zero and Department for Business, Energy and Industrial Strategy – GHG Conversion Factors. New updated data from the Civil Aviation Authority resulted in updated, more accurate conversion factors for business air travel.

The intensity metric we have chosen to use is tonnes CO₂e per average FTE headcount. For the UK operations we have used the UK average FTE of 728 (2024: 729). This gives a total intensity ratio of 3.3388 tCO₂e/FTE (2024: 4.4018 tCO₂e/FTE). For global operations we have used an average FTE of 854 (2024: 859).

The UK office refurbishment commenced in Q2 2025 with an expected completion of Q4 2026. We therefore only expect to realise the full benefit from energy saving initiatives in 2027.



INDEPENDENT AUDITOR'S REPORT

The independent auditor's report is the formal statement provided by the Group's external statutory auditor, Deloitte LLP, after auditing ICBCS' financial statements and related disclosures. This report forms an essential part of the Group's Annual Report, offering stakeholders an objective assessment of the accuracy and fairness of the financial information presented by management.



REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1. OPINION

In our opinion:

- the financial statements of ICBC Standard Bank Plc (the 'Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2025 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB);
- the Company financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- Consolidated balance sheet
- Consolidated income statement
- Consolidated statement of comprehensive income
- Consolidated statement of changes in shareholders' equity
- Consolidated statement of cash flows
- Company balance sheet
- Company statement of changes in shareholders' equity
- Company statement of cash flows;
- the material accounting policies; and
- the related notes 1 to 40.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law, United Kingdom adopted international accounting standards and IFRS Accounting Standards as issued by the IASB. The financial reporting framework that has been applied in the preparation of the Company financial statements is applicable law and United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006.

2. BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and Company for the year are disclosed in note 30.6 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the Company.

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

3. SUMMARY OF OUR AUDIT APPROACH

| | |
|-------------------------------------|--|
| Key audit matters | <p>The key audit matters that we identified in the current year were:</p> <ul style="list-style-type: none"> • Valuation of level 3 financial instruments; and • Recognition of the UK deferred tax asset (DTA). <p>Within this report, key audit matters are identified as follows:</p> <ul style="list-style-type: none">  Newly identified  Increased level of risk  Similar level of risk  Decreased level of risk |
| Materiality | The materiality that we used for the Group financial statements was \$14.9m which was determined on the basis of 0.7% of net assets of the Group. |
| Scoping | Our audit was focused on the London entity of the Group, which accounts for 96% of the Group revenue and 98% of the Group net assets. |
| Significant changes in our approach | No significant changes were noted in our approach. |

4. CONCLUSIONS RELATING TO GOING CONCERN

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

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

- obtaining and assessing the Group's going concern paper with reference to the most recent ICAAP, ILAAP and financial forecasts, challenging the reasonableness of management's assessment;
- involving our regulatory specialists in the review of the ICAAP and ILAAP forecasts;
- assessing the assumptions supporting the forecast and the results from the stress tests;
- performing back-testing of management's forecasts to assess the reliability of management's forecasting process;
- obtaining and assessing the letter of support from ICBC Group, assessing key financial indicators of the parent, and considering any uncertainty related to ICBC Group's ability and willingness to provide support to the Bank;
- considering scenario analysis and stress testing bearing in mind the current macroeconomic conditions;
- with involvement of our regulatory specialists, reading regulatory correspondence in relation to prudential regulatory matters, including the most recent Capital Supervisory Review and Evaluation Process ('C-SREP') and Total Capital Requirement ('TCR'), in order to identify any matters that may have a material impact on the Group's capital resources and/or requirements for the forecast period; and
- considering the appropriateness of the disclosures within the financial statements along with management's plans to mitigate the effect of any significant events or conditions.

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 Group's and Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

5. KEY AUDIT MATTERS

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

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

5.1. Valuation of level 3 financial instruments

| | |
|--|--|
| <p>Key audit matter description</p> | <p>Financial assets and financial liabilities classified as level 3 are those where significant unobservable inputs have been used in the valuation techniques to measure the fair value.</p> <p>The Group's trading and financing activities result in certain positions where prices or inputs are not readily available due to market illiquidity and have limited price transparency. As disclosed in note 24 to the financial statements, as at 31 December 2025, the Group had assets and liabilities measured at fair value amounting to \$25,265.6m (2024: \$16,224.1m) and \$23,937.6m (2024: \$16,974.2m) respectively, of which level 3 financial assets and financial liabilities were \$260.2m (2024: \$237.0m) and \$228.0m (2024: \$335.8m) respectively.</p> <p>Unlike other financial instruments whose values or inputs are readily observable, the valuation of financial instruments classified as level 3 is inherently subjective and often involves the use of proprietary valuation models. This degree of subjectivity may also give rise to potential fraud through management intentionally manipulating fair values or incorporating management bias in determining fair values.</p> <p>Performing our audit procedures to evaluate the appropriateness of these unobservable inputs involved a high degree of auditor's judgement, professionals with specialist skills and knowledge, and an increased extent of testing.</p> <p>The valuation of level 3 financial instruments as a key source of estimation uncertainty is disclosed in note 25.3 to the financial statements, with a wide range of reasonable outcomes. The financial statements (notes 23 and 25) disclose the sensitivity estimated by the Group.</p> |
| <p>How the scope of our audit responded to the key audit matter</p> | <p>We performed the following audit procedures, to address the complexities associated with the valuation of level 3 financial instruments.</p> <p>We obtained an understanding of and tested the Group's relevant controls addressing the risk of material misstatement related to the valuation of level 3 financial instruments.</p> <p>We also performed the following substantive procedures on a sample of level 3 financial instruments:</p> <ul style="list-style-type: none"> • with the support of our valuation specialists, we independently valued a sample of level 3 positions utilising Deloitte approved pricing tools, where possible. Where management's inputs were used in our valuation, we performed audit procedures to assess their reasonableness, suitability, and reliability; • assessed the methods, input data and assumptions used by management to identify whether there was evidence of management bias; • assessed the appropriateness of the modelled fair value determined by management with reference to level 3 positions exited post year end; • assessed the appropriateness of fair value levelling conclusions and agreed them to the disclosures for level 3 assets and liabilities measured at fair value including disclosures in note 25. |
| <p>Key observations</p> | <p>We concluded that the valuation of level 3 financial instruments and the related disclosures including sensitivity are appropriate.</p> |

5.2. Recognition of UK deferred tax asset (DTA)

| | |
|--|--|
| <p>Key audit matter description</p> | <p>In accordance with IAS 12 'Income Taxes' a DTA shall be recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences or the carry forward of unused tax losses and unused tax credits, can be utilised.</p> <p>During the current year, the Group recognised a DTA of \$5.4m (2024: \$12.4m) arising from unused historical tax losses and other temporary differences. The Group forecasted its future taxable profits and recognised UK DTA to the extent it was probable that those profits would be available to utilise against the unused tax losses. As at 31 December 2025, the Group had gross unused UK tax losses and UK other temporary differences of \$558.4m (31 December 2024: \$680.0m).</p> <p>Due to the magnitude of the amount of DTA related to unused tax losses and other temporary differences and the significant judgement involved in determining an estimate of probable future taxable profits against which these unused tax losses and other temporary differences can be utilised, performing our audit procedures involved a high degree of auditor's judgement and an increased extent of testing.</p> <p>Information related to deferred tax asset is disclosed within note 12 to the financial statements. Accounting policy and information related to critical accounting judgements and estimates can be found within note 2 to the financial statements.</p> |
| <p>How the scope of our audit responded to the key audit matter</p> | <p>We performed the following procedures to challenge management's judgements involved in the recognition of DTA:</p> <ul style="list-style-type: none"> • obtained an understanding of the relevant controls related to the recognition of the deferred tax asset; • reviewed the historical accuracy of management's budget by comparing the actual results to forecasts; • reviewed year-on-year budgets, challenging management's assumptions regarding future profitability and budget consistency with other budgets used in going concern assumptions and capital planning; • simulated management's budgets, incorporating historical results to assess the reasonableness of future profit projections; • assessed management's applied "haircuts" to future profit projections used to determine probable profits for DTA recognition; • challenged the rationale for the DTA recognition period by assessing the appropriateness of the look-forward period against the Group's budget cycle, considering recent profitability; • with our tax specialist's involvement, assessed management's DTA calculation against the requirement of IAS 12. • tested disclosures related to the recognition of deferred tax asset. |
| <p>Key observations</p> | <p>We concluded that deferred tax asset recognised and the associated disclosures are appropriate.</p> |

6. OUR APPLICATION OF MATERIALITY

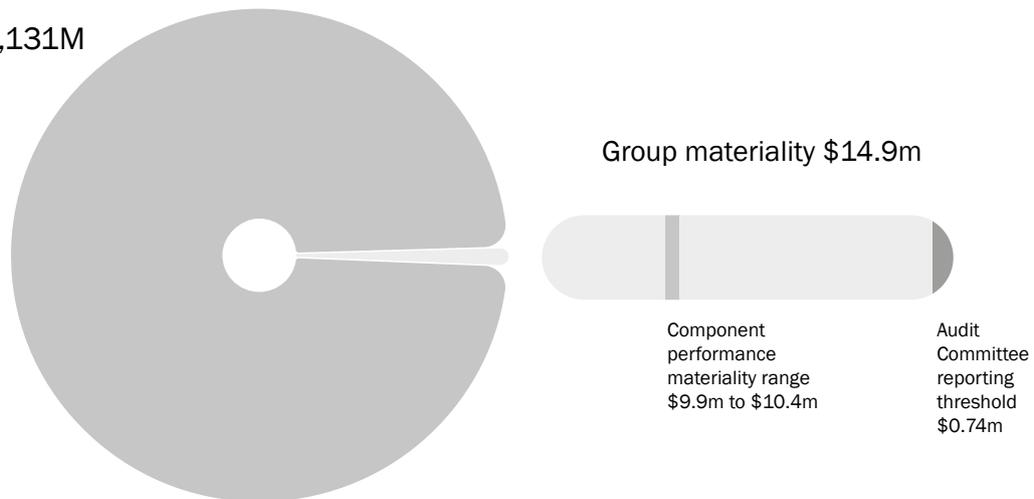
6.1 Materiality

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

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

| | Group financial statements | Company financial statements |
|--|--|--|
| Materiality | \$14.9m (2024: \$13.6m) | \$14.2m (2024: \$12.9m) |
| Basis for determining materiality | 0.7% of net assets (2024: 0.7% of net assets) | Company materiality is determined based on 0.7% of net assets, which is then capped at 95% of Group materiality |
| Rationale for the benchmark applied | We have considered net assets to be the most appropriate benchmark as the capital position is of importance to the key users of the financial statements. These key users include regulators and shareholders. The benchmark selected is also consistent with that used for comparable entities in the Group's industry. | We considered it appropriate to maintain the same benchmark as that for the Group as the Company is the most significant member of the Group and its solo capital position is of importance to the key users of the financial statements, who are common with those for the Group. |

NET ASSETS \$2,131M



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

| | Group financial statements | Company financial statements |
|--|---|--|
| Performance materiality | 70% (2024: 70%) of the Group materiality | 70% (2024: 70%) of the Company materiality |
| Basis and rationale for determining performance materiality | <p>In determining performance materiality, we considered the following factors:</p> <ol style="list-style-type: none"> our risk assessment, including our assessment of the Group's overall control environment; please see section 7.2 where we summarise controls, we relied on for our 2025 audit; and our past experience of the audit, which has indicated a relatively low number of misstatements identified in prior periods. | |

6. OUR APPLICATION OF MATERIALITY (CONTINUED)

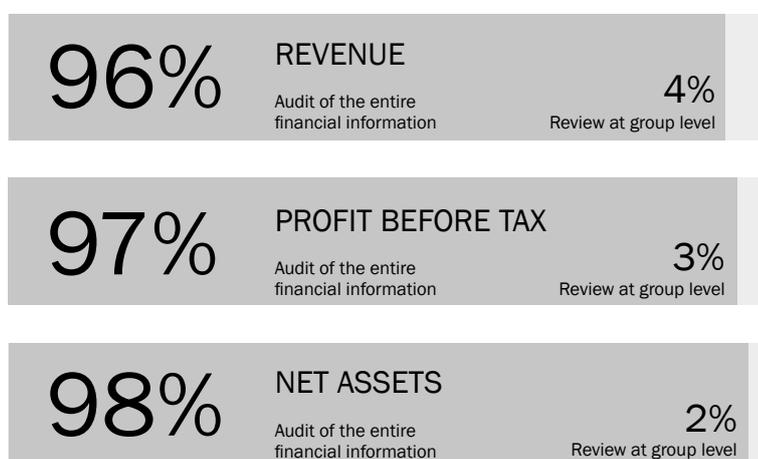
6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of \$0.74m (2024: \$0.67m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. AN OVERVIEW OF THE SCOPE OF OUR AUDIT

7.1. Identification and scoping of components

ICBC Standard Bank Plc specialises in global markets traded products including commodities, fixed income, and currencies, with a focus on frontier and emerging market jurisdictions. The Group's operations are mainly based in London with a branch in Singapore, a wholly owned subsidiary in China, Standard Resources (China) Limited and a wholly owned subsidiary in New York, ICBC Standard NY Holdings Inc.



We performed audit of the entire financial information of London entity, ICBC Standard Bank plc, which accounts for 96% (2024: 96%) of the Group's revenue, 97% (2024: 99%) of the Group's profit before tax and 98% (2024: 98%) of the Group's net assets. As regards other components, we have performed analytical review procedures at the group level. All work was performed by the group audit team.

7.2. Our consideration of the control environment

ICBC Standard Bank Plc's financial reporting is dependent on the effectiveness of its IT systems and applications to ensure the complete and accurate recording of financial transactions. Our audit identified the main trading, physical commodities, financial accounting, and reporting systems as key IT systems relevant to our audit.

To assess the appropriateness of controls within the financial reporting IT environment, we engaged our IT audit specialists throughout the audit process, from planning to completion. Our work involved evaluating automated controls, system interfaces, controls over change management, user access, and segregation of duties. This assessment was crucial in determining the extent to which we could place reliance on these controls.

Our audit procedures included testing relevant IT and business controls across the following areas, specifically addressing the associated risks of material misstatement:

- Valuation of financial instruments measured at fair value: This included a focus on Level 3 financial instruments (as detailed in Section 5.1).
- Recognition and measurement of deferred tax asset (as detailed in Section 5.2).
- Existence and completeness of physical commodities.
- Existence and completeness of financial instruments.

This integrated approach allowed us to adopt a control reliance approach over the integrity of the information generated by the entity's IT systems, which underpins the financial statements.

Where deficiencies in the control environment were identified, our risk assessment procedures included an assessment of those deficiencies to determine the impact on our audit plan. Where relevant, the audit plan was adjusted to mitigate the unaddressed risk. Where we were able to identify and test appropriate mitigating controls over affected financial statement line items, our testing approach remained unchanged.

7.3. Our consideration of climate-related risks

During 2025, the Group performed an assessment of its current business model and the potential opportunities while focusing on transitional opportunities. The Group's sustainability strategy work is integrated into the overall strategy assessment which is performed annually during the planning cycle. During 2025, the Group produced climate related financial disclosures (CFD) in line with the requirements of The Companies (Strategic Report) (Climate Related Financial Disclosures) Regulations 2022 as included on page 34 of the Sustainability Report.

As disclosed on page 44 of the Sustainability Report, the Group has embedded climate related risk into its existing risk framework for the credit risk, market risk, liquidity risk, operational risk and supplier risk. Given the short-term nature of its balance sheet, the Group has assessed sustainability-related risks and opportunities as short term (less than one year), medium term (between one year and five years) and long term (greater than five years).

Based on the Group's ongoing assessment of the risks arising from climate change, we have performed our qualitative risk assessment and did not identify any additional risk of material misstatement. Also, with the involvement of our specialist, we read the disclosures in the sustainability report to consider whether they are in line with the requirements of the Companies (Strategic Report) CFD regulations 2022 and consistent with our understanding of the financial statements and knowledge obtained during the audit.

8. OTHER INFORMATION

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

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

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

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

We have nothing to report in this regard.

9. RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

10. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

11. EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

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

11.1. Identifying and assessing potential risks related to irregularities

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

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

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: Valuation of level 3 financial instruments and associated profit and loss. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

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

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the regulation and supervisory requirements of the Prudential Regulation Authority and the Financial Conduct Authority.

11.2. Audit response to risks identified

As a result of performing the above, we identified valuation of level 3 financial instruments and associated profit and loss as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

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

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and in-house and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC, PRA and FCA;
- in addressing the risk of fraud relating to profit or loss associated with the valuation of Level 3 financial instruments, we recalculated trading income and expenses based on fair value movements and cash flows, comparing it to recorded profit or loss and investigated differences as appropriate; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

12. OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

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

13. OPINION ON OTHER MATTER PRESCRIBED BY THE CAPITAL REQUIREMENTS (COUNTRY-BY-COUNTRY REPORTING) REGULATIONS 2013

In our opinion the information given in note 1 to the financial statements for the financial year ended 31 December 2025 has been properly prepared, in all material respects, in accordance with the Capital Requirements (Country-by Country Reporting) Regulations 2013.

14. MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

14.1. Adequacy of explanations received and accounting records

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

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

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

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

We have nothing to report in respect of this matter.

15. OTHER MATTERS WHICH WE ARE REQUIRED TO ADDRESS

15.1. Auditor tenure

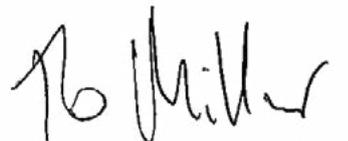
Following the recommendation of the audit committee, we were appointed by the shareholders on 26 April 2021 to audit the financial statements for the year ended 31 December 2021 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is five years, covering the years ended 31 December 2021 to 31 December 2025.

15.2. Consistency of the audit report with the additional report to the Audit Committee

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

16. USE OF OUR REPORT

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



Tom Millar, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor

London, United Kingdom
25 February 2026



PRIMARY FINANCIAL STATEMENTS

The financial statements provide a detailed view of our financial performance, position and cash flows. These statements, prepared in accordance with IFRS and relevant UK requirements, form the core of external financial reporting and support assessment of our capital strength, liquidity and profitability.



CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2025

| | Notes | 2025 \$m | 2024 \$m |
|--|-------|-----------------|-----------------|
| Assets | | | |
| Cash and balances with central banks | 3 | 764.5 | 2,674.1 |
| Due from banks and other financial institutions | 4 | 5,438.2 | 3,727.2 |
| Financial assets held for trading | 5 | 1,413.4 | 1,211.9 |
| Non-trading financial assets at fair value through profit or loss | 6 | 1,017.6 | 689.0 |
| Derivative financial assets | 7 | 8,686.4 | 3,911.2 |
| Reverse repurchase agreements | 8 | 4,987.3 | 3,526.8 |
| Loans and advances to customers | 9 | 1,828.0 | 1,303.0 |
| Financial investments | 10 | 3,721.7 | 3,176.9 |
| Property and equipment | 11 | 70.8 | 70.3 |
| Current tax assets | | 10.9 | 7.6 |
| Deferred tax assets | 12 | 13.7 | 13.3 |
| Other assets | 13 | 9,848.2 | 6,289.1 |
| Non-financial assets held for trading - Commodities inventory | | 9,586.0 | 6,127.7 |
| Other | | 262.2 | 161.4 |
| Total assets | | 37,800.7 | 26,600.4 |
| Liabilities and equity | | | |
| Liabilities | | | |
| Financial liabilities held for trading | 15 | 1,876.9 | 938.0 |
| Non-trading financial liabilities at fair value through profit or loss | 16 | 7,342.6 | 6,975.3 |
| Derivative financial liabilities | 7 | 7,368.4 | 4,194.9 |
| Due to banks and other financial institutions | 17 | 7,761.1 | 4,731.3 |
| Repurchase agreements | 18 | 1,079.1 | 1,080.4 |
| Due to customers | 19 | 2,386.8 | 1,431.0 |
| Current tax liabilities | | 3.2 | 0.8 |
| Subordinated debt | 20 | 251.9 | 248.6 |
| Other liabilities | 21 | 7,599.3 | 5,056.4 |
| Precious metal payables | | 7,250.4 | 4,748.6 |
| Other | | 348.9 | 307.8 |
| Equity | | | |
| Equity attributable to shareholders | | | |
| Share capital | 27 | 1,083.5 | 1,083.5 |
| Other equity instruments | 28 | 160.0 | 160.0 |
| Reserves | | 887.9 | 700.2 |
| Total liabilities and equity | | 37,800.7 | 26,600.4 |

The accounting policies and notes on pages 73 to 177 should be read as part of the financial statements.

Approved by the Board of Directors and signed on its behalf on 25 February 2026.



C Gao, Chief Executive



S Davies, Chairman

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

| | Notes | 2025 \$m | 2024 \$m |
|--|-------|--------------|-------------|
| Net interest income | | 248.1 | 163.9 |
| Interest income | 30.1 | 730.8 | 613.4 |
| Interest expense | 30.2 | (482.7) | (449.5) |
| Non-interest revenue | 30.3 | 491.7 | 408.2 |
| Net fees and commission | | 54.2 | 44.1 |
| Fees and commission income | | 81.3 | 68.9 |
| Fees and commission expenses | | (27.1) | (24.8) |
| Net trading revenue | | 351.7 | 257.0 |
| Net gain on non-trading financial assets and liabilities at fair value through profit or loss | | 85.8 | 107.1 |
| Total operating income | | 739.8 | 572.1 |
| Credit impairment charges | 30.4 | (15.0) | (2.7) |
| Income after credit impairments | | 724.8 | 569.4 |
| Operating expenses | | (443.9) | (382.4) |
| Staff costs | 30.5 | (279.2) | (248.5) |
| Other operating expenses | 30.6 | (156.8) | (130.8) |
| Indirect taxation | 30.7 | (7.9) | (3.1) |
| Profit before taxation | | 280.9 | 187.0 |
| Income tax charge | 31 | (56.0) | (30.5) |
| Profit attributable to equity shareholders | | 224.9 | 156.5 |

The accounting policies and notes on pages 73 to 177 should be read as part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

| | 2025 \$m | 2024 \$m |
|---|---------------|-------------|
| Profit attributable to equity shareholders | 224.9 | 156.5 |
| Other comprehensive income: | | |
| Items that may be reclassified subsequently to profit or loss¹ | | |
| Foreign currency translation reserve | 1.3 | (0.7) |
| Cash flow hedging reserve | 15.6 | (22.8) |
| Effective portion of changes in fair value | 28.6 | 1.6 |
| Net amount transferred to profit or loss | (13.0) | (24.4) |
| Changes in fair value of debt instruments measured at FVOCI | 0.1 | 0.9 |
| Items that will not be reclassified subsequently to profit or loss¹ | | |
| Gains attributable to own credit risk | - | 1.0 |
| Other comprehensive income / (losses) for the year | 17.0 | (21.6) |
| Total comprehensive gains attributable to equity shareholders | 241.9 | 134.9 |

1. No income tax is recognised in other comprehensive income.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

| | Ordinary share capital | Other equity instruments | Cash flow hedging reserve | FVOCI reserve | Foreign currency translation reserve | Net investment hedge reserve ¹ | Own credit reserve | Retained earnings | Total equity ² |
|--|------------------------------|-----------------------------|---------------------------------|------------------|---|--|--------------------------|----------------------|------------------------------|
| | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
| Balance at 1 January 2024 | 1,083.5 | 160.0 | 21.5 | (0.1) | (3.2) | (1.7) | (1.0) | 611.9 | 1,870.9 |
| Total comprehensive gains / (losses) for the year | - | - | (22.8) | 0.9 | (0.7) | - | 1.0 | 156.5 | 134.9 |
| Dividend payment on ordinary share capital | - | - | - | - | - | - | - | (49.9) | (49.9) |
| Coupon payment on other equity instruments | - | - | - | - | - | - | - | (12.2) | (12.2) |
| Balance at 31 December 2024 | 1,083.5 | 160.0 | (1.3) | 0.8 | (3.9) | (1.7) | - | 706.3 | 1,943.7 |
| Balance at 1 January 2025 | 1,083.5 | 160.0 | (1.3) | 0.8 | (3.9) | (1.7) | - | 706.3 | 1,943.7 |
| Total comprehensive gains for the year | - | - | 15.6 | 0.1 | 1.3 | - | - | 224.9 | 241.9 |
| Dividend payment on ordinary share capital | - | - | - | - | - | - | - | (41.8) | (41.8) |
| Coupon payment on other equity instruments | - | - | - | - | - | - | - | (12.4) | (12.4) |
| Balance at 31 December 2025 | 1,083.5 | 160.0 | 14.3 | 0.9 | (2.6) | (1.7) | - | 877.0 | 2,131.4 |

1. No net investment hedges were entered into during 2024 or 2025.

2. Equity attributable to ordinary shareholders excludes other equity instruments and is \$1,971.4 million at 31 December 2025 (2024: \$1,783.7 million).

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

| | Notes | 2025 \$m | 2024 \$m |
|--|-------|------------------|---------------|
| Cash flows (used in) / from operating activities | | | |
| Profit before taxation | | 280.9 | 187.0 |
| Adjusted for: | | | |
| Non-cash items included in profit before tax | | (4.5) | (48.1) |
| Amortisation of intangible assets | | 6.5 | 8.7 |
| Depreciation of property and equipment | | 12.5 | 14.8 |
| Non-cash flow movements on fair value hedges | | 2.3 | (2.8) |
| Incentive charges | | 93.1 | 69.4 |
| Net credit impairment charges | | 15.0 | 2.7 |
| Provisions for leave pay | | (0.1) | 0.3 |
| | | 405.7 | 232.0 |
| Changes in operating funds | | (2,132.5) | (73.7) |
| (Increase) in income-earning assets | 32.1 | (8,294.0) | (2,780.4) |
| Increase in interest bearing and non-interest bearing liabilities | 32.2 | 6,161.5 | 2,706.7 |
| Corporation and withholding tax paid | 32.3 | (53.5) | (30.2) |
| Cash flows (used in) / from operating activities | | (1,780.3) | 128.1 |
| Cash flows used in investing activities | | | |
| Capital expenditure on intangible assets | | (5.0) | (11.5) |
| Capital expenditure on property and equipment | | (13.0) | (4.9) |
| Cash flows used in investing activities | | (18.0) | (16.4) |
| Cash flows used in financing activities | | | |
| Proceeds from issuance of subordinated debt | 20 | - | 100.0 |
| Repayment of subordinated debt | 20 | - | (100.0) |
| Dividend payment on ordinary share capital | 30.11 | (41.8) | (49.9) |
| Coupon payment on other equity instruments | 28 | (12.4) | (12.2) |
| Principal payments on leasehold liabilities | | (9.4) | (8.5) |
| Cash flows used in financing activities | | (63.6) | (70.6) |
| Net (decrease) / increase in cash and cash equivalents | | (1,861.9) | 41.1 |
| Effects of exchange rate changes on cash and cash equivalents | | 2.5 | (23.5) |
| Cash and cash equivalents at beginning of the year | 32.4 | 2,762.0 | 2,744.4 |
| Cash and cash equivalents at end of the year | 32.4 | 902.6 | 2,762.0 |

Cash flows used in operating activities include cash interest received of \$730.0 million (2024: \$586.1 million) and cash interest paid of \$486.4 million (2024: \$470.3 million).

COMPANY BALANCE SHEET

AT 31 DECEMBER 2025

| | Notes | 2025 \$m | 2024 \$m |
|--|-------|-----------------|-----------------|
| Assets | | | |
| Cash and balances with central banks | 3 | 764.5 | 2,674.1 |
| Due from banks and other financial institutions | 4 | 5,365.5 | 3,664.4 |
| Financial assets held for trading | 5 | 1,413.4 | 1,211.9 |
| Non-trading financial assets at fair value through profit or loss | 6 | 1,017.6 | 689.0 |
| Derivative financial assets | 7 | 8,686.4 | 3,911.2 |
| Reverse repurchase agreements | 8 | 4,987.3 | 3,526.8 |
| Loans and advances to customers | 9 | 1,828.0 | 1,303.0 |
| Financial investments | 10 | 3,721.7 | 3,176.9 |
| Property and equipment | 11 | 63.4 | 61.7 |
| Current tax assets | | 10.9 | 7.5 |
| Deferred tax assets | 12 | 12.4 | 12.4 |
| Other assets | 13 | 9,847.7 | 6,289.0 |
| Non-financial assets held for trading - Commodities inventory | | 9,586.0 | 6,127.7 |
| Other | | 261.7 | 161.3 |
| Investment in group companies | 14 | 29.5 | 29.5 |
| Total assets | | 37,748.3 | 26,557.4 |
| Liabilities and equity | | | |
| Liabilities | | | |
| Financial liabilities held for trading | 15 | 1,876.9 | 938.0 |
| Non-trading financial liabilities at fair value through profit or loss | 16 | 7,342.6 | 6,975.3 |
| Derivative financial liabilities | 7 | 7,368.4 | 4,194.9 |
| Due to banks and other financial institutions | 17 | 7,761.1 | 4,731.3 |
| Repurchase agreements | 18 | 1,079.1 | 1,080.4 |
| Due to customers | 19 | 2,386.8 | 1,431.0 |
| Current tax liabilities | | 2.6 | 0.7 |
| Subordinated debt | 20 | 251.9 | 248.6 |
| Other liabilities | 21 | 7,584.6 | 5,043.2 |
| Precious metal payables | | 7,250.4 | 4,748.6 |
| Other | | 334.2 | 294.6 |
| Equity | | | |
| Equity attributable to shareholders | | | |
| Share capital | 27 | 1,083.5 | 1,083.5 |
| Other equity instruments | 28 | 160.0 | 160.0 |
| Reserves ¹ | | 850.8 | 670.5 |
| Total liabilities and equity | | 37,748.3 | 26,557.4 |

1. The parent company recorded a profit after tax for the year of \$218.8 million (2024: \$155.7 million) (see note 30.10).

The accounting policies and notes on pages 73 to 177 should be read as part of the financial statements.

Approved by the Board of Directors and signed on its behalf on 25 February 2026.



C Gao, Chief Executive



S Davies, Chairman

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

| | Ordinary share capital | Other equity instruments | Cash flow hedging reserve | FVOCI reserve | Own credit reserve | Retained earnings | Total equity |
|--|---------------------------|-----------------------------|---------------------------------|------------------|-----------------------|----------------------|----------------|
| | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
| Balance at 1 January 2024 | 1,083.5 | 160.0 | 21.5 | (0.1) | (1.0) | 577.4 | 1,841.3 |
| Total comprehensive gains / (losses) for the year | - | - | (22.8) | 0.9 | 1.0 | 155.7 | 134.8 |
| Dividend payment on ordinary share capital | - | - | - | - | - | (49.9) | (49.9) |
| Coupon payment on other equity instruments | - | - | - | - | - | (12.2) | (12.2) |
| Balance at 31 December 2024 | 1,083.5 | 160.0 | (1.3) | 0.8 | - | 671.0 | 1,914.0 |
| Balance at 1 January 2025 | 1,083.5 | 160.0 | (1.3) | 0.8 | - | 671.0 | 1,914.0 |
| Total comprehensive gains for the year | - | - | 15.6 | 0.1 | - | 218.8 | 234.5 |
| Dividend payment on ordinary share capital | - | - | - | - | - | (41.8) | (41.8) |
| Coupon payment on other equity instruments | - | - | - | - | - | (12.4) | (12.4) |
| Balance at 31 December 2025 | 1,083.5 | 160.0 | 14.3 | 0.9 | - | 835.6 | 2,094.3 |

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

| | Notes | 2025 \$m | 2024 \$m |
|--|-------|-------------|-------------|
| Cash flows (used in) / from operating activities | | | |
| Profit before taxation | | 273.1 | 185.8 |
| Adjusted for: | | | |
| Non-cash items included in profit before tax | | (4.5) | (48.1) |
| Amortisation of intangible assets | | 6.5 | 8.7 |
| Depreciation of property and equipment | | 11.3 | 11.8 |
| Non-cash flow movements on fair value hedges | | 2.3 | (2.8) |
| Incentive charges | | 86.9 | 64.6 |
| Net credit impairment charges | | 15.0 | 2.7 |
| Provisions for leave pay | | (0.1) | 0.3 |
| | | 390.5 | 223.0 |
| Changes in operating funds | | | |
| (Increase) in income-earning assets | 32.1 | (8,274.9) | (2,777.7) |
| Increase in interest bearing and non-interest bearing liabilities | 32.2 | 6,166.2 | 2,705.3 |
| Corporation and withholding tax paid | 32.3 | (52.3) | (30.0) |
| Cash flows (used in) / from operating activities | | | |
| | | (1,770.5) | 120.6 |
| Cash flows used in investing activities | | | |
| Capital expenditure on intangible assets | | (5.0) | (11.5) |
| Capital expenditure on property and equipment | | (13.0) | (3.3) |
| Cash flows used in investing activities | | | |
| | | (18.0) | (14.8) |
| Cash flows used in financing activities | | | |
| Proceeds from issuance of subordinated debt | 20 | - | 100.0 |
| Repayment of subordinated debt | 20 | - | (100.0) |
| Dividend payment on ordinary share capital | 30.11 | (41.8) | (49.9) |
| Coupon payment on other equity instruments | 28 | (12.4) | (12.2) |
| Principal payments on leasehold liabilities | | (8.8) | (6.5) |
| Cash flows used in financing activities | | | |
| | | (63.0) | (68.6) |
| Net (decrease) / increase in cash and cash equivalents | | | |
| | | (1,851.5) | 37.2 |
| Effects of exchange rate changes on cash and cash equivalents | | | |
| | | 0.9 | (18.3) |
| Cash and cash equivalents at beginning of the year | | | |
| | 32.4 | 2,738.6 | 2,719.7 |
| Cash and cash equivalents at end of the year | | | |
| | 32.4 | 888.0 | 2,738.6 |

Cash flows used in operating activities include cash interest received of \$728.5 million (2024: \$584.7 million) and cash interest paid of \$485.9 million (2024: \$470.0 million).



MATERIAL ACCOUNTING POLICIES

This section sets out the accounting policies applied in preparing the financial statements, including recognition, measurement and presentation principles. It provides clarity on areas requiring significant judgement or estimation and demonstrates our compliance with IFRS.



MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the presentation of the annual financial statements are set out below.

1. BASIS OF PREPARATION

Both the Company financial statements and the Group consolidated financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with International Financial Reporting Standards and interpretations as issued by the IASB and adopted in the United Kingdom. In publishing the Company financial statements here together with the ICBC Standard Bank Plc consolidated (Group) financial statements, the Company has taken advantage of the exemption in Section 408 of the Companies Act 2006 not to present its separate income statement and related notes that form part of these financial statements.

The annual financial statements have been prepared under the historical cost convention, except for certain financial instruments, and certain non-financial assets and liabilities measured at fair value, as further explained in the respective accounting policies below.

GOING CONCERN

The financial statements have been prepared on a going concern basis as the Directors are satisfied that the Company and Group have adequate resources to continue in business for a period of at least 12 months from approval of the financial statements. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions, the impact of forthcoming regulatory changes, the business plan for the next five years and the ability and willingness of the shareholders to provide support as and when required. This assessment also considered the Group's forecasts, which included a combined stress test on capital and liquidity.

ICBC has a 60% controlling interest in the Company, with the 40% balance owned by SBG. The Company and Group maintain a capital and liquidity position in excess of prudential requirements. The demonstrable ongoing support by ICBC is an important aspect supporting the going concern assessment.

ICBC has issued a statement of support in favour of the Company confirming its position as a long-term investment and as an integral part of ICBC's overall operational strategy, which remains valid until ICBC ceases to be the controlling shareholder. ICBC confirms that it intends to financially support the Company in ensuring that it meets all financial obligations as they fall due, including the maintenance of a minimum capital adequacy level. Specifically, ICBC intends to provide funding and capital support to the Company and commits its intention to subscribe for certain 'qualifying instruments' as and when ICBC receives written notice from the Company that its capital and reserve funds amount to (or will foreseeably in the near-term amount to) less than the minimum required amount of capital and reserve funds as determined in accordance with the rules and regulations of the Prudential Regulation Authority (or its successor).

CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous year. The IASB has issued certain minor amendments to IFRSs that are effective 1 January 2025, including Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates*. These amendments have not had a significant impact on the Company or the Group.

2. BASIS OF CONSOLIDATION

The Group consolidates the annual financial statements of investees which it controls. The Group controls an investee when it has:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power to affect the amount of the returns from its involvement with the investee.

The annual financial statements of the investee are consolidated from the date on which the Group acquires control up to the date that control ceases. Control is assessed on a continuous basis.

Intragroup transactions and balances, and any unrealised gains and losses arising from intragroup transactions, are eliminated on consolidation.

The accounting policies of subsidiaries that are consolidated by the Group conform to the Group's accounting policies.

Investments in subsidiaries are accounted for at cost less accumulated impairment losses (where applicable) in the separate financial statements. The carrying amounts of these investments are reviewed annually and impaired when necessary.

3. FOREIGN CURRENCY TRANSLATIONS

FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated and separate financial statements are presented in US dollars, which is the Group's presentation currency and Company's functional currency, and all amounts are stated in millions of dollars (\$ million), unless otherwise indicated.

GROUP ENTITIES

The results and financial position of all foreign operations that have a functional currency different from the Group's presentation currency are translated into the Group's presentation currency as follows:

- assets and liabilities are translated at the closing rate on the reporting date; and
- income and expenses are translated at average exchange rates for the month, to the extent that such average rates approximate actual rates, otherwise income and expenses are translated at the exchange rates ruling at the dates of the transactions.

All resulting foreign exchange differences are recognised in other comprehensive income and accumulated in a separate component of equity, the foreign currency translation reserve.

When a foreign operation is disposed of or liquidated, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal or liquidation.

TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the respective functional currencies of Group entities at the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in the income statement, except when recognised in OCI as a qualifying cash flow hedge. Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated into the appropriate functional currency using the exchange rate at the transaction date, and those measured at fair value are translated at the exchange rate at the date the fair value was determined. Exchange rate differences on non-monetary items are included in the income statement or OCI depending on where the gain or loss on the underlying item is recognised.

The Group hedges the variability in cash flows attributable to foreign exchange risk on a portion of its budgeted sterling denominated expense base and applies cash flow hedge accounting to those highly probable forecast expenses. A portion of the gains/losses recognised on the hedging derivatives is recycled from OCI to profit or loss in the period in which the related costs are recognised in the income statement. The hedging instruments are executed over a period of time at a range of different exchange rates and the unhedged portion of the budgeted sterling expense base is translated at spot exchange rates in accordance with the policy set out above. In order to provide consistency, the sterling based expenses in the individual line items are translated at a budget planning rate. Any differences between the costs translated at the budget planning rate and the rates achieved through hedging and spot translation of the sterling based costs are recognised in other expenses in the income statement.

Foreign exchange gains and losses on debt securities classified as fair value through OCI, and debt and equity securities classified as fair value through profit or loss are reported in profit or loss.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents disclosed in the statement of cash flows consist of unrestricted cash balances with central banks, together with other highly liquid short-term placements with deposit-taking institutions available on demand. These balances are subject to insignificant changes in fair value and are reported at amortised cost.

5. FINANCIAL INSTRUMENTS

INITIAL RECOGNITION AND MEASUREMENT

Financial instruments include all financial assets and financial liabilities. These instruments are typically held for liquidity, investment, trading or hedging purposes. All financial instruments are initially recognised at fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability, except those carried at fair value through profit or loss where transaction costs are recognised immediately in profit or loss.

The Group initially recognises loans and advances, repurchase and reverse repurchase agreements at amortised cost, deposits, and subordinated liabilities on the date on which they are originated. All other financial instruments, including regular way purchases and sales of financial assets, are recognised on the trade date, being the date that the Group becomes a party to the contractual provisions of the instrument.

SUBSEQUENT MEASUREMENT

Subsequent to initial measurement, financial instruments are measured either at fair value or amortised cost using the effective interest method, depending on their classifications as follows:

FINANCIAL ASSETS

IFRS 9 *Financial Instruments* has three classification categories for financial assets as follows:

- i. Amortised cost;
- ii. Fair value through other comprehensive income; and
- iii. Fair value through profit or loss.

The classification is based on the business model under which the financial asset is managed and the terms of its contractual cash flows, in particular, whether they represent solely payments of principal and interest on the principal amount outstanding.

Business model assessment

The Group assesses the objective of a business model in which an asset is held at a portfolio level as that best reflects the way the business is managed and information is provided to management. In determining the business model, all relevant evidence that is available at the date of the assessment is used, including:

- i. How the performance of the portfolio is evaluated and reported to the Group's key management personnel;
- ii. Risks that affect the performance of the business model (and the financial assets held within it) and, in particular, how those risks are managed;
- iii. How managers of the business are compensated (for example, whether compensation is based on the fair value of the assets managed or the contractual cash flows collected);
- iv. The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets; and
- v. The frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity.

SPPI assessment

In assessing whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- Features that modify consideration of the time value of money, e.g. periodic resets of interest rates.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset at initial recognition and 'interest' is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

The Group has applied the following policies for the classification categories under IFRS 9:

Amortised cost

A financial asset is measured at amortised cost if both of the following conditions are met:

- i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Fair value through other comprehensive income

A financial asset is measured at FVOCI if both of the following conditions are met:

- i. The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt securities measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- Interest income using the effective interest method;
- Expected credit losses and reversals; and
- Foreign exchange gains/losses.

When debt securities measured at FVOCI are derecognised, the cumulative gain or loss previously recognised in OCI is reclassified to current period profit or loss.

Fair value through profit or loss

All financial assets that are not measured at amortised cost or FVOCI are measured at FVTPL.

The Group may also irrevocably elect to designate a financial asset as measured at FVTPL on initial recognition if doing so eliminates or significantly reduces an accounting mismatch, which would otherwise arise.

Financial assets at FVTPL comprise:

- Items held for trading;
- Items that are managed, and whose performance is evaluated, on a fair value basis;
- Derivative instruments;
- Items specifically designated as FVTPL on initial recognition; and
- Debt instruments with contractual terms that do not represent solely payments of principal and interest on the principal amount outstanding.

Financial assets and liabilities held for trading are those assets and liabilities that the Group acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

FINANCIAL LIABILITIES

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVTPL.

Financial liabilities that are neither held-for-trading nor designated at fair value through profit or loss are measured at amortised cost using the effective interest method.

A financial liability may be designated at fair value through profit or loss if:

- i. It eliminates or significantly reduces an accounting mismatch;
- ii. A host contract contains one or more embedded derivatives; or
- iii. If a group of financial liabilities or financial assets and liabilities is managed and their performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Where a financial liability is designated at fair value through profit or loss, the movement in fair value attributable to changes in the Group's own credit quality is presented separately in OCI with no subsequent reclassification to the income statement, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch in profit or loss, in which case all gains or losses on the liability (including the effects of changes in the credit risk of that liability) are recorded in profit or loss.

RECLASSIFICATION OF FINANCIAL INSTRUMENTS

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing those financial assets. There have been no reclassifications of financial assets in the current or prior year.

Financial liabilities are not reclassified subsequent to their initial recognition.

FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The fair value of financial instruments is generally measured on an individual basis. However, in cases where the Group manages a group of financial assets and liabilities according to its net market or credit risk exposure, the fair value of the group of financial instruments is measured on a net basis but the underlying financial assets and liabilities are presented separately in the financial statements, unless they satisfy the IFRS offsetting criteria.

The fair value of a financial instrument on initial recognition is generally its transaction price, that is, the fair value of the consideration paid or received. However, sometimes, the fair value will be based on other observable current market transactions in the same instrument, without modification or repackaging, or on valuation techniques such as discounted cash flow models or option pricing models whose variables include only data from observable markets.

When such valuation models with observable market data for all significant inputs or comparison with other observable current market transactions in the same instrument indicate that the fair value differs from the transaction price, this initial difference, commonly referred to as day-one profit or loss, is recognised in profit or loss immediately.

If significant unobservable market data is used as inputs to the valuation models or where the fair value of the financial instrument is not evidenced by comparison with other observable current market transactions in the same instrument, the resulting difference between the transaction price and the model value is deferred.

The timing of recognition of deferred day-one profit or loss is determined individually. It is either amortised over the life of the transaction, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement, depending on the nature of the instrument and availability of market observable inputs.

Subsequent to initial recognition, the fair values of financial assets and liabilities are based on quoted market prices or dealer price quotations for financial instruments traded in active markets and where those quoted prices represent fair value at the measurement date. If the market for a financial asset is not active or the instrument is unlisted, the fair value is determined using other applicable valuation techniques. These include the use of recent arm's-length transactions, discounted cash flow analyses, option pricing models and other valuation techniques commonly used by market participants. Where discounted cash flow analyses are used, estimated future cash flows are based on management's best estimates and a market related discount rate at the reporting date for a financial asset or liability with similar terms and conditions. The fair values of derivative financial instruments are adjusted where appropriate to reflect credit risk (via credit valuation adjustments, debit valuation adjustments and funding valuation adjustments), market liquidity and other risks.

IMPAIRMENT OF FINANCIAL ASSETS

At each reporting date, the Group recognises an allowance for expected credit losses for the following financial instruments:

- All financial assets measured at amortised cost;
- Debt instruments measured at FVOCI;
- Certain loan commitments issued; and
- Certain financial guarantee contracts issued.

ECLs are an unbiased probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument determined by evaluating a range of possible outcomes and future economic conditions. Cash shortfalls represent the difference between the cash flows due to the Group in accordance with the contractual terms of an instrument and the cash flows it expects to receive, including the recoverable amount of any collateral and other credit enhancements that are integral to the contractual terms of the instrument, that may result from foreclosure, less costs of obtaining and selling the collateral, whether or not foreclosure is probable.

At initial recognition, an impairment allowance (or provision in the case of loan commitments and financial guarantees) is required for the portion of the lifetime ECL resulting from default events that are possible within 12 months after the reporting date (12-month ECL).

The Group subsequently applies a three-stage approach to measuring ECLs based on the change in credit risk since initial recognition, as follows:

- **Stage 1:**
For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon purchase or origination, the 12-month ECL is recognised. For instruments in stage 1, interest revenue is calculated by applying the effective interest rate to the gross carrying amount of the instrument;
- **Stage 2:**
For exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument (lifetime ECL). For instruments in stage 2, interest revenue continues to be calculated by applying the effective interest rate to the gross carrying amount of the instrument; or
- **Stage 3:**
For exposures where there is objective evidence of impairment, which are considered to be in default or otherwise credit impaired, an allowance (or provision) for lifetime ECL is also required. However, for instruments in stage 3, interest revenue is calculated by applying the effective interest rate to the amortised cost (net of the allowance or provision) rather than the gross carrying amount of the instrument.

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life of the instrument between the reporting date and the date of initial recognition. The assessment of whether an instrument is in stage 1 or stage 2 considers the relative change in the probability of default occurring over the expected life of the instrument, not the change in the amount of expected credit losses.

An instrument is in stage 3 if it exhibits objective evidence of credit impairment, which includes consideration of the following:

- Known cash flow difficulties experienced by the borrower;
- A breach of contract such as default or delinquency in interest and/or principal payments;
- Breaches of loan covenants;
- It becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, grants the borrower a concession that it would not otherwise consider.

A significant increase in credit risk generally occurs when any of the following situations arise within the Group's internal credit rating system:

- A downward movement of three or more risk grades between RG01 and RG11 (equivalent to S&P's risk ratings of AAA to BBB-);
- Any downward movement from risk grades RG01 to RG11 to a risk grade of RG12 or below (equivalent to S&P's risk rating of BBB-);
- A downward movement of two or more risk grades between RG12 and RG20 (equivalent to S&P's risk ratings of BBB- to B-);
- Any downward move to a risk grade of RG21 or below (equivalent to S&P's risk rating of CCC+); or
- Any downward move at RG21 or below (equivalent to S&P's risk rating of CCC+ to D).

In addition, qualitative factors, such as watch list exposures, can also trigger a significant increase in credit risk and the credit risk on a financial asset is deemed to have increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The assessment of credit risk and estimation of ECLs is based on a probability weighted base case (neutral) and two alternative plausible (optimistic and pessimistic) scenarios provided by an external economic forecasting service provider. It also takes into account the time value of money.

When calculating the weighted average ECL, the optimistic, neutral and pessimistic scenarios and their weightings are taken into account by the Group. These are updated on a quarterly basis and captured as a rating override as part of regular counterparty reviews. The scenarios used covered a baseline scenario (50th percentile) with 40% weighting, a mild upside scenario (15th percentile) with 30% weighting and a downside scenario (85th percentile) also with 30% weighting.

The Group's models for determining ECLs use three key input parameters, being probability of default, loss given default and exposure at default. ECLs are calculated by multiplying these three components. PD is the likelihood of default assessed on the prevailing economic conditions at the reporting date adjusted to take into account estimates of future economic conditions that are likely to impact the risk of default. LGD is a current assessment of the amount that will be recovered in the event of default and EAD is the expected balance sheet exposure at default. PD and LGD are linked to the risk grades and assigned at counterparty level.

The construction of point-in-time PD curves involves adjusting S&P implied through-the-cycle transition matrices into forward-looking probability of default curves using Moody's expected default frequency data – a forward looking model. A mapping is required to move between EDFs (with an implied Moody's rating) and S&P ratings to construct the PIT PD curves consistently. This mapping is based on the Bank's internal Master Rating Scale. LGDs are based on a workout model, which calculates an expected rate of recovery on financial instruments by assigning a defined loss rate for different default resolution paths, and weights these according to an assumed probability of each default event occurring. The default resolution events comprise: (i) cure events; (ii) restructure events; and (iii) liquidation events. The EAD is based on the balance sheet value of the exposure (including accrued interest) adjusted for the value of any collateral (which may be on – or off-balance sheet) held against that balance.

Exposures that have not deteriorated significantly since origination or which are less than 30 days past due, are considered to have a low credit risk. The loss allowance for these instruments is based on 12-month ECL.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, such that the risk grade falls back within the original trigger level threshold based on the rating at initial recognition of the exposure, then the loss allowance reverts from lifetime ECL to 12-month ECL.

The assessment of significant increases in credit risk since initial recognition is performed on either individual financial instruments or on a collective basis for a group or sub-group of financial instruments.

When an asset carried at amortised cost is identified as impaired (stage 3), a credit loss for the present value of all cash shortfalls discounted at the financial asset's original effective interest rate is recognised. The carrying amount of the asset in the statement of financial position is reduced by the amount of the loss and the loss is recognised as a credit impairment charge in the income statement.

In the case of debt instruments measured at FVOCI, the Group recognises the impairment charge in profit or loss, with the corresponding loss allowance recognised in other comprehensive income. There is no reduction in the carrying amount of the asset in the statement of financial position because these assets are carried at fair value.

For undrawn loan commitments, the Group recognises a provision in the statement of financial position for the present value of the difference between the contractual cash flows due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive if the commitment is drawn down. The loss is recognised as an impairment charge in the income statement. The Group's estimate of ECL on loan commitments is consistent with its expectations of draw-downs on that loan commitment, i.e. it considers the expected portion of the loan commitment that will be drawn down within 12 months of the reporting date when estimating 12-month ECL, and the expected portion of the loan commitment that will be drawn down over the expected life of the loan commitment when estimating lifetime ECL.

For financial guarantee contracts issued, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the Group recognises a provision in the statement of financial position for the present value of the expected payments required to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to recover from the holder, the debtor or any other party. The loss is recognised in the income statement.

When an asset is uncollectible, it is written off against the related provision. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off reduce the amount of the expense in the income statement.

Where the Group holds a financial guarantee or similar contract, it assesses whether it is an integral element of a financial asset that is accounted for as a component of that instrument or is a contract that is accounted for separately. Factors that the Group considers when making this assessment include whether the guarantee is:

- Implicitly part of the contractual terms of the debt instrument;
- Entered into at the same time as, and in contemplation of, the debt instrument; or
- Given by the parent of the borrower or another company within the borrower's group.

If the guarantee is determined to be an integral element of the financial asset, the Group considers the effect of the protection when measuring ECL and any premium payable is treated as a transaction cost of acquiring the financial asset. If the guarantee is not determined to be an integral element of the financial asset, the Group recognises an asset representing any prepayment of premium for the guarantee and a right to compensation for credit losses.

Purchased or originated credit-impaired financial assets include financial assets that are purchased or originated at a deep discount that reflects incurred credit losses. This population includes the recognition of a new financial instrument following a renegotiation where concessions have been granted for economic or contractual reasons relating to the borrower's financial difficulty that otherwise would not have been considered, and exposures that arise from a forced close-out in accordance with legal or regulatory requirements. At initial recognition, POCI assets do not carry an impairment allowance; instead, lifetime expected credit losses are incorporated into the calculation of the effective interest rate. All changes in lifetime expected credit losses subsequent to the assets' initial recognition are recognised as an impairment charge.

OFFSETTING

Financial assets and liabilities are offset and the net amount presented on the balance sheet when the Group currently has a legally enforceable right to set-off the recognised amounts and there is an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously. In certain situations, even though master netting agreements exist, the lack of management intention to settle on a net basis results in the financial assets and liabilities being reported gross on the balance sheet.

Income and expenses are presented on a net basis only when permitted, or for gains and losses arising from a group of similar transactions.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

A derivative is a financial instrument whose value changes in response to an underlying variable, requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors, and is settled at a future date. Derivatives are initially recognised at fair value on the date on which they are entered into and are subsequently remeasured at fair value as described under the fair value policy above.

Derivative instruments are carried on the balance sheet as financial assets when the fair value is positive and as financial liabilities when the fair value is negative, subject to offsetting principles as described under the heading 'Offsetting'.

The method of recognising fair value gains and losses on derivative instruments depends on whether or not they are designated as hedging instruments, and if so, the nature of the hedge relationship.

DERIVATIVES THAT QUALIFY FOR HEDGE ACCOUNTING

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk, interest rate risk and equity price risk.

When derivatives are designated in a hedge relationship, the Group designates them as:

- hedges of the fair value of recognised financial assets or liabilities or unrecognised firm commitments (fair value hedges); or
- hedges of variability in cash flows attributable to a recognised asset or liability or a highly probable forecast transaction (cash flow hedges).

At inception of the hedge, the Group documents the relationship between hedged items and hedging instruments, as well as its risk management objectives and strategy for undertaking various hedging relationships. The Group also documents its assessment, both at inception of the hedge and on an ongoing basis, of whether the hedging instruments are effective in offsetting the exposure to changes in the fair value or cash flows of the hedged items attributable to the hedged risk.

FAIR VALUE HEDGES

Where a hedging relationship is designated as a fair value hedge, the hedged item is adjusted for the change in fair value in respect of the risk being hedged. Gains or losses on the remeasurement of both the derivative and the hedged item are recognised in the income statement.

If the derivative expires, or is sold, terminated or exercised, or the hedging relationship no longer meets the criteria for fair value hedge accounting, then hedge accounting is discontinued. The adjustment to the carrying amount of a hedged item measured at amortised cost, for which the effective interest method is used, is amortised to the income statement as part of the hedged item's recalculated effective interest rate over the period to maturity.

CASH FLOW HEDGES

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in OCI. The ineffective part of any changes in fair value is recognised immediately in the income statement. Amounts previously recognised in OCI and accumulated in equity are reclassified to the income statement in the periods in which the hedged item affects profit or loss.

If the derivative expires, or is sold, terminated or exercised, or the hedging relationship no longer meets the criteria for cash flow hedge accounting, then hedge accounting is discontinued. The cumulative gains or losses recognised in OCI and accumulated in equity remain in equity until the forecast transaction affects the income statement. If the forecast transaction is no longer expected to occur, the cumulative gains and losses accumulated in equity are immediately reclassified to the income statement.

DERIVATIVES THAT DO NOT QUALIFY FOR HEDGE ACCOUNTING

All gains and losses from changes in the fair values of derivatives that do not qualify for hedge accounting are recognised immediately in the income statement.

FINANCIAL GUARANTEE CONTRACTS

A financial guarantee contract is a contract that requires the Group (as issuer) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts issued are initially recognised at fair value, which is generally equal to the premium received. Subsequent to initial recognition, the financial guarantee liability is measured at the higher of the ECL allowance determined in accordance with the accounting policies set out above and the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the revenue recognition policies set out below.

DERECOGNITION OF FINANCIAL INSTRUMENTS

Financial assets are derecognised when the contractual rights to receive cash flows from those assets has expired, or when the Group has transferred its contractual rights to receive cash flows from the assets and either: (i) substantially all the risks and rewards of ownership have been transferred; or (ii) the Group has neither retained nor transferred substantially all the risks and rewards of ownership, but has transferred control. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of: (i) the consideration received (including any new asset obtained less any new liability assumed); and (ii) any cumulative gain or loss that has been recognised in OCI, is recognised in the income statement.

The Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or a portion of the risks and rewards of those assets. If all or substantially all of the risks and rewards are retained, the transferred assets are not derecognised. Transfers of assets with the retention of all or substantially all of the risks and rewards include securities lending and sale and repurchase transactions.

In transactions where the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognises the asset if control over that asset is transferred. Any rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Financial liabilities are derecognised when they are extinguished, that is, when the obligation is discharged, cancelled or expires.

Where an existing financial asset or liability is replaced by another with the same counterparty on substantially different terms, or the terms of an existing financial asset or liability are substantially modified, such an exchange or modification is treated as a derecognition of the original asset or liability and the recognition of a new asset or liability, with the difference in the respective carrying amounts being recognised in profit or loss. Any fees received as part of the modification of a financial asset that are considered in determining the fair value of the new asset or that represent reimbursement of eligible transaction costs are included in the initial measurement of the new asset. Other costs or fees incurred as part of the modification of a financial instrument are recognised in profit or loss as part of the gain or loss on extinguishment.

In all other instances, the Group recalculates the gross carrying amount of the financial asset or liability using the original effective interest rate and recognises the resulting adjustment as a modification gain or loss in the income statement. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset or liability and are amortised over the remaining term of the modified financial instrument.

SALE AND REPURCHASE AND SECURITIES LENDING AGREEMENTS

Securities sold subject to a commitment to repurchase at a fixed price or the purchase price plus a lender's rate of return (repurchase agreements) are not derecognised from the balance sheet and a liability is recorded in respect of the consideration received. The liability to the counterparty is included under repurchase agreements.

Securities purchased under a commitment to resell at a fixed price or the purchase price plus a lender's rate of return (reverse repurchase agreements), are not recognised on the balance sheet. An asset is recorded in respect of the consideration paid, included under reverse repurchase agreements.

Repurchase and reverse repurchase agreements are measured at amortised cost or at fair value through profit or loss. For the former, the difference between the purchase and sales price is treated as interest, recognised in net interest income, and is amortised over the life of the agreement using the effective interest method. For the latter, interest income and expense, and all gains and losses from changes in fair value are included in net gain/loss on non-trading financial assets and liabilities at fair value through profit or loss.

Contracts that are economically equivalent to repurchase or reverse repurchase agreements (such as sales or purchases of debt securities entered into together with total return swaps with the same counterparty) are accounted for similarly to, and presented together with, repurchase or reverse repurchase agreements.

Securities lent to counterparties are retained on the balance sheet and are classified and measured in accordance with the policy above. Securities borrowed are not recognised on the balance sheet unless sold to third parties. In these cases, the obligation to return the securities borrowed is recorded at fair value as a trading liability, with fair value changes recognised in the income statement. Income and expenses arising from the securities borrowing and lending business are recognised over the term of the transactions.

6. COMMODITIES AND RELATED TRANSACTIONS

Commodities that are principally acquired by the Group for the purpose of selling in the near future and generating a profit from fluctuations in price or broker-traders' margin, are measured at fair value less costs to sell to the intended buyer and are reported as non-financial assets held for trading within other assets. All changes in fair value less costs to sell are recognised in net trading revenue in the period of change.

Forward contracts to purchase or sell commodities that are either net settled or where physical delivery occurs and the commodities are held to settle another derivative contract, are recognised as derivative financial instruments and measured at fair value. All changes in fair value are recognised in profit or loss in net trading revenue in the period of change.

Commodities purchased under agreements to resell, at either a fixed price or the purchase price plus a lender's rate of return that are in substance financing transactions are recorded as reverse repurchase agreements under trading assets. The difference between the purchase and sales price is treated as interest and is recognised in net trading revenue along with all other gains and losses from changes in fair value.

Commodities lent to counterparties are retained on the balance sheet and are classified and measured in accordance with the policies set out above. Commodities borrowed are not recognised on the balance sheet unless sold to third parties, in which case, the obligation to return the commodity borrowed is recorded at fair value as non-financial liabilities due to customers within other liabilities. Income and expenses arising from the Group's commodity lending and borrowing business are recognised over the period of the transactions.

The Group enters into prepayment agreements whereby it earns either a fixed return or a variable return linked to commodity prices. The former are recorded as loans and advances, initially recognised at fair value, and subsequently measured at amortised cost using the effective interest method. The latter are recorded as non-trading financial assets at fair value through profit or loss, initially recognised at fair value, and subsequently measured at fair value through profit or loss, with fair value changes recognised in net gain on non-trading financial assets and liabilities at fair value through profit or loss.

Precious metals can be held by the Group on an allocated or unallocated basis. Commodities held by the Group, which have been allocated to customers, are not recognised on the Group's balance sheet.

7. INTANGIBLE ASSETS

COMPUTER SOFTWARE

Costs associated with developing or maintaining computer software and the acquisition of software licences are generally recognised as an expense as incurred. However, direct computer software development costs that are clearly associated with an identifiable and unique system, which will be controlled by the Group and have a probable future economic benefit beyond one year are recognised as intangible assets. Capitalisation is limited to development costs where the Group is able to demonstrate its intention and ability to complete and use the software, the technical feasibility of the development, the availability of resources to complete the development, the probable future economic benefits and the ability to reliably measure costs relating to the development. Development costs include employee costs for software development staff and an appropriate portion of relevant overheads.

Expenditure subsequently incurred on computer software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. Costs relating to the ongoing day-to-day maintenance of computer software are expensed immediately as incurred.

Direct computer software development costs recognised as intangible assets are amortised on a straight-line basis at rates appropriate to the expected useful lives of the assets (two to five years) from the date the assets are available for use, and are measured at cost less accumulated amortisation and accumulated impairment losses. The carrying amount of capitalised computer software is reviewed annually and is written down when impaired. Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted, if appropriate.

8. PROPERTY AND EQUIPMENT

Computer and office equipment, furniture, fittings and other tangible assets are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Where significant parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Costs that are subsequently incurred are included in the asset's related carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the Group and the cost of the item can be measured reliably. Expenditure that does not meet these criteria is recognised in profit or loss as incurred. Depreciation, impairment losses and gains and losses on disposal of assets are included in profit or loss.

Property and equipment are depreciated to their estimated residual values on a straight-line basis over the estimated useful lives of the assets. Residual values, useful lives and the depreciation method applied are reviewed at each financial year-end and adjusted, if appropriate.

The estimated useful lives of tangible assets are typically as follows:

| | | |
|--------------------|------------------|------------------------|
| Computer equipment | Office equipment | Furniture and fittings |
| 2 to 5 years | 5 to 7 years | 5 to 10 years |

Certain leasehold improvements undertaken in 2025 relating to the Bank's London office premises will be depreciated over the remaining term of the related property lease, extending the useful lives for furniture and fittings to up to ten years. There have been no other changes to the estimated useful lives and depreciation methods from those applied in the previous financial year.

Items of property and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. The gain or loss on derecognition is recognised in profit or loss and is determined as the difference between the net disposal proceeds and the carrying amount of the item.

9. IMPAIRMENT OF NON-FINANCIAL ASSETS

Intangible assets that have an indefinite useful life or that are not yet available for use are tested annually for impairment and additionally when an indicator of impairment exists. Intangible assets that are subject to amortisation and other non-financial assets are reviewed for impairment at each reporting date and tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Fair value less costs to sell is determined by ascertaining the current market value of an asset and deducting any costs related to the realisation of the asset. In assessing value in use, the estimated future cash flows are 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.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed through profit or loss 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.

10. LEASES

AS LESSEE

At the inception of a contract, the Group assesses whether the contract is or contains a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16 *Leases*.

The Group recognises a right of use asset and a lease liability at the lease commencement date or on the effective date of the modification for the modification of an existing lease. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset to its original condition, less any lease incentives received.

The right of use asset is subsequently measured at cost less any accumulated depreciation and impairment losses, and is adjusted for certain remeasurements of the lease liability. Depreciation is determined using the straight-line method from the commencement date to the end of the lease term, and the Group applies IAS 36 *Impairment of Assets* to determine whether the right of use asset is impaired and to account for any impairment loss identified.

The Group presents the right of use asset on the balance sheet in the same line item within which the corresponding underlying assets would be presented if they were owned. The Group's leases principally relate to office premises and are accordingly included in property and equipment on the balance sheet.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date or the date of modification, discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate appropriate for the right-of-use asset arising from the lease.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or a change in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group presents the lease liability in other liabilities on the balance sheet.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options or break clauses. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which could significantly affect the amount of lease liabilities and right of use assets recognised.

The Group has elected not to recognise right of use assets and lease liabilities for leases of low-value assets and short-term leases, i.e. leases that, at the commencement date, have a lease term of 12-months or less. The Group recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

AS LESSOR

When the Group acts as lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset, whether it transfers ownership of the underlying asset to the lessee by the end of the lease term, and whether, at the inception date, the present value of the lease payments amounts to at least substantially all of the fair value of the underlying asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right of use asset arising from the head lease, not with reference to the underlying asset.

The Group is lessor in relation to sub-leases on certain of its office premises. These are classified as operating leases under IFRS 16, with the lease asset recognised as part of the right of use asset for the related head lease. Lease payments received on these sub-leases are recognised in profit or loss on a straight line basis over the lease term.

11. PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are determined by discounting the expected future cash flows required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Contingent liabilities include certain guarantees, other than financial guarantees, and letters of credit. Contingent liabilities are not recognised in the annual financial statements but are disclosed unless they are remote.

Contingent assets are not recognised in the annual financial statements but are disclosed when it is probable that economic benefits will flow to the Group.

12. TAX

DIRECT TAXATION

Direct taxation includes current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised directly in equity or in OCI, in which case they are recognised in the same statement in which the related item appears. The tax consequences of the Group's dividend payments (including distributions on other equity instruments) are charged or credited to the statement in which the profit distributed originally arose.

Current tax represents the expected tax payable on taxable profits for the year, calculated using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is calculated using the tax rates expected to apply to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted at the reporting date.

The amount of deferred tax recognised is based on the expected manner of realisation or settlement of the asset or liability and is not discounted. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which the unused tax losses and other deductible temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent it is no longer probable that the related tax benefit will be realised.

Current and deferred tax assets and liabilities are offset if there is a legally enforceable right to offset and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities in the same tax reporting group, and they intend to settle on a net basis or the tax assets and liabilities will be realised and settled simultaneously.

The Group has determined that the global minimum top-up tax, which it is required to pay under Pillar Two legislation, is an income tax in the scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

INDIRECT TAXATION

Indirect taxes, including non-recoverable value added tax and other duties for banking activities, are recognised in profit or loss as they arise.

13. EMPLOYEE BENEFITS

POST-EMPLOYMENT BENEFITS – DEFINED CONTRIBUTION PLANS

The Group operates a number of defined contribution pension plans, with contributions based on a percentage of pensionable earnings funded by both employer companies and employees. The assets of these plans are generally held in separate trustee-administered funds.

Contributions to these plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

SHORT-TERM BENEFITS

Short-term employee benefits consist of salaries, accumulated leave payments, cash bonuses and any non-monetary benefits such as medical care contributions. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus plans or accumulated leave if the Group has a present legal or constructive obligation to pay these amounts as a result of past service provided by the employee and the obligation can be estimated reliably.

14. DEFERRED COMPENSATION

The Group operates an annual incentive arrangement that all eligible employees participate in, with a portion of that award being deferred through the quanto stock unit plan, the Deferred Performance Plan and deferred cash awards, for employees with an incentive award above a set threshold or that meet certain other criteria.

The quanto stock unit plan awarded qualifying employees quanto stock units denominated in US dollars for nil consideration. The value of units is based on the ICBC ordinary share price as quoted on the Hong Kong Stock Exchange and the awards are cash settled upon vesting.

For awards granted on or after 1 March 2024, the quanto stock unit plan was replaced with the DPP, which replaced the quanto stock unit with an ICBCS Notional Share. This was initially anchored to ICBCS's net asset value attributable to ordinary shareholders as at 31 December 2023, as defined in the consolidated statement of changes in shareholders' equity, and is annually adjusted by ICBCS's return on equity for the relevant performance year. As for quanto stock units, ICBCS Notional Shares are awarded to qualifying employees for nil consideration and will be cash settled upon vesting. The DPP and the quanto stock unit plan will run in parallel until the final quanto stock unit plan awards vest.

The deferred cash awards provide a conditional right to a pay-out of a fixed cash amount set on the grant date of the award and are similarly paid upon vesting.

Awards under the quanto stock unit plan and DPP, and deferred cash awards, which are granted following Board Remuneration and People Committee approval subsequent to year end, vest annually over specified periods dependent on the employee remaining in service for the period concerned. Prior to the current year, deferred cash awards, and awards under the quanto stock unit plan and DPP were deferred for up to seven years, with the possibility of applying a further retention period of six or 12 months upon vesting. However, on 15 October 2025, the PRA and FCA published a joint policy statement on remuneration reform for banks, building societies and PRA investment firms, which reduces the minimum deferral period for all awards to MRTs to four years, eliminates the additional retention periods for deferred awards and permits all awards to vest pro-rata from the time of award. Non-deferred DPP awards, which vest immediately on grant date, will continue to be subject to a one-year retention period.

The new rules took effect on 16 October 2025 and apply to performance years commencing after that date, although firms may, at their discretion, implement the changes immediately for 2025 performance year awards, which, for the Bank, will be issued on 1 March 2026, and for unvested awards from prior years. The Bank elected to implement the reforms for the 2025 performance year awards, applying a deferral period of up to four-years and pro-rata vesting from the date of grant to all awards, and to amend unvested awards granted in previous years in line with the new requirements.

The expense for deferred cash and notional share awards under both the quanto stock unit plan and the DPP is recognised over the period employees' services contribute to the awards. The Group considers it appropriate to recognise the expense related to such awards over the sum of the performance period prior to the grant date and the legal vesting period.

The amount of the accrued liability for the deferred cash and notional share awards under both the quanto stock unit plan and the DPP is re-measured at the end of each reporting period, taking into account assumptions about potential leavers and the rights given to actual leavers during the year. Changes in the liability are accounted for through the income statement over the life of the awards. Changes in the liability for the quanto stock unit awards arising from ICBC share price movements have been materially hedged, applying cash flow hedging principles.

15. REVENUE AND EXPENDITURE

Revenue described below represents the most appropriate equivalent of turnover for a bank and is derived substantially from the business of banking and related activities.

NET INTEREST INCOME

Interest income and expense are recognised in the income statement on an accruals basis using the effective interest method for all interest-bearing financial instruments, except those classified at fair value through profit or loss. Under the effective interest method, interest is recognised at a rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. Direct incremental transaction costs incurred and origination fees received, including loan commitment fees, as a result of bringing margin-yielding assets or liabilities on to the balance sheet, are capitalised to the carrying amount of financial instruments that are not at fair value through profit or loss and amortised as interest income or expense over the life of the asset or liability as part of the effective interest rate.

Where the estimate of payments or receipts on financial assets or financial liabilities are subsequently revised, the carrying amount of the financial asset or financial liability is adjusted to reflect actual and revised estimated cash flows. The carrying amount is calculated by computing the present value of the estimated cash flows at the financial asset's or financial liability's original effective interest rate. Any adjustment to the carrying value is recognised in net interest income.

NON-INTEREST REVENUE

Net fees, commission and revenue sharing arrangements

Fee and commission income, including transactional fees, account servicing fees, sales commissions and placement fees are recognised as the related services are performed. Loan commitment fees for loans that are not expected to be drawn down are recognised on a straight-line basis over the commitment period. Loan syndication fees, where the Group does not participate in the syndication or participates at the same effective interest rate for comparable risk as other participants, are recognised as revenue when the syndication has been completed. Syndication fees that do not meet these criteria are capitalised as origination fees and amortised as interest income over the life of the loan as part of the effective interest rate.

A contract with a customer that results in a recognised financial instrument in the Group's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15 *Revenue from Contracts with Customers*. If this is the case, the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of that standard and then applies IFRS 15 to the residual.

The fair value of issued financial guarantee contracts on initial recognition is amortised as income over the term of the contract.

Fee and commission expenses included in net fee and commission income are mainly transaction and service fees relating to financial instruments, which are expensed as the services are received. Expenditure is recognised as fee and commission expenses where the expenditure is linked to the production of fee and commission income.

Net trading revenue

Net trading revenue comprises all gains and losses from changes in the fair value of financial assets and liabilities held for trading (including derivative assets and liabilities not designated as hedging instruments) and commodities within non-financial assets held for trading, together with related interest income and expense, dividends, foreign exchange differences, and funding costs relating to trading activities. From 1 January 2024, these funding costs have been included in net trading revenue to better reflect the commercial position of the Bank, whereby they are included in the same line item in the income statement as the revenue they generate. This is consistent with reporting of interest expense on funding liabilities measured at amortised cost that primarily fund trading activities, which is similarly reported in net trading revenue. Prior to 1 January 2024, these funding costs were recognised in the income statement in the line item corresponding to the balance sheet category in which the related funding liability is included.

Gains/losses from non-trading financial instruments at fair value through profit or loss

Gains/losses from non-trading financial instruments at fair value through profit or loss includes all gains and losses from changes in the fair value of non-trading financial instruments designated and otherwise mandatorily measured at fair value through profit or loss, including interest income and expense (except as noted below), dividends and foreign exchange differences in respect of those financial instruments, and gains and losses from changes in the fair value of derivatives managed in conjunction with those financial instruments.

With effect from 1 January 2024, interest expense on certain funding liabilities classified as non-trading financial liabilities at FVTPL has been reported as net trading revenue and net interest income to match the funding costs incurred by the Bank with the revenues generated by the assets funded by those liabilities. This better reflects the commercial position of the Bank and is consistent with reporting of interest expense on funding liabilities measured at amortised cost that primarily fund trading activities, which is also reported in net trading revenue.

Dividend income

Dividends are recognised in profit or loss when the right to receipt is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

16. SEGMENT REPORTING

An operating segment is a component of the Group engaged in business activities, whose operating results are reviewed regularly by management in order to make decisions about resources to be allocated to the segment and assess its performance. The Group's identification of segments and the measurement of segment results are based on the Group's internal reporting to management. Transactions between segments are priced at market-related rates.

17. FIDUCIARY ACTIVITIES (CLIENT MONEY AND CLIENT ASSETS)

The Group engages in trust or other fiduciary activities that result in the holding or placing of assets on behalf of individuals, trusts, post-employment benefit plans and other institutions. These assets and the income arising directly thereon are excluded from these annual financial statements as they are not assets of the Group. Fee income earned and fee expenses incurred by the Group relating to its responsibilities from fiduciary activities are recognised in the income statement.

18. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The IASB has issued Amendments to the Classification and Measurement of Financial Instruments (IFRS 9 and IFRS 7), which is effective 1 January 2026 and IFRS 19 *Subsidiaries without Public Accountability: Disclosures*, which is effective 1 January 2027. The Group has not early adopted these amendments to IFRSs 7 and 9 or IFRS 19, and they are not expected to have a significant impact on the Group when adopted.

The IASB has also issued IFRS 18 *Primary Financial Statements*, which is effective 1 January 2027. The Standard will not change recognition criteria or measurement bases, and the Group is currently assessing the impact of this standard on the presentation of information in the financial statements, in particular the income statement.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

The notes provide detailed supplementary information that underpins the primary financial statements, including disclosures on segmental performance, financial instruments, risk management, capital and liquidity, tax, and other required reporting areas.



1. SEGMENT REPORTING

The Group's Executive Committee has been determined to be the chief operating decision maker for the Group. The Group's results comprise two reportable segments, namely Commodities and Fixed Income and Currencies. As described below, these divisions provide different products and services, and are managed and reported separately based on the Group's management and internal reporting structure. Costs are allocated to business units based on relevant cost drivers (such as risk weighted assets, technology system utilisation and income generating headcount). Segment performance is evaluated based on operating profits or losses and is measured consistently with operating profits or losses in the Group's financial statements. The central treasury balance sheet and net revenues are included in Other, with its interest income generated from the return on the Bank's capital base and deployment of surplus liquidity. Income taxes are allocated to segments to the extent they relate to specific transactions (e.g. withholding taxes), but otherwise are managed on a group basis and included in Other. Information related to each reportable segment is set out below. The information is shown after eliminating transactions and balances between segments.

OPERATING SEGMENTS

| | |
|-------------|---|
| Commodities | The Commodities business unit provides trading, sales, lending and structuring expertise and has global presence across base metals, precious metals and energy. |
| FIC | The FIC business unit provides a comprehensive range of foreign exchange, money markets, interest rate and credit products, including structured lending. The segment is largely focused on emerging markets. |

SEGMENT RESULTS

| 2025 | Commodities \$m | FIC \$m | Other \$m | Total \$m |
|---|--------------------|--------------|--------------|--------------|
| Net interest income | 53.6 | 116.7 | 77.8 | 248.1 |
| Net fees and commission | 26.5 | 28.0 | (0.3) | 54.2 |
| Net trading revenue | 203.4 | 144.9 | 3.4 | 351.7 |
| Net gain on non-trading financial assets and liabilities at fair value through profit or loss | 4.6 | 81.2 | - | 85.8 |
| Total operating income | 288.1 | 370.8 | 80.9 | 739.8 |
| Credit impairment charges | (11.5) | (3.5) | - | (15.0) |
| Income after credit impairments | 276.6 | 367.3 | 80.9 | 724.8 |
| Operating expenses | (185.8) | (258.1) | - | (443.9) |
| Profit before taxation | 90.8 | 109.2 | 80.9 | 280.9 |
| Income tax charge | - | (12.2) | (43.8) | (56.0) |
| Profit attributable to equity shareholders | 90.8 | 97.0 | 37.1 | 224.9 |
| Included in operating expenses: | | | | |
| Depreciation | 6.7 | 5.8 | - | 12.5 |
| Amortisation of intangible assets | 3.4 | 3.1 | - | 6.5 |

1. SEGMENT REPORTING (CONTINUED)

SEGMENT RESULTS (CONTINUED)

| 2024 | Commodities \$m | FIC \$m | Other \$m | Total \$m |
|---|--------------------|--------------|--------------|--------------|
| Net interest income | 33.0 | 59.8 | 71.1 | 163.9 |
| Net fees and commission | 16.2 | 28.4 | (0.5) | 44.1 |
| Net trading revenue | 125.5 | 130.9 | 0.6 | 257.0 |
| Net gain on non-trading financial assets and liabilities at fair value through profit or loss | 7.1 | 100.1 | (0.1) | 107.1 |
| Total operating income | 181.8 | 319.2 | 71.1 | 572.1 |
| Credit impairment charges | (1.8) | (0.9) | - | (2.7) |
| Income after credit impairments | 180.0 | 318.3 | 71.1 | 569.4 |
| Operating expenses | (164.4) | (218.0) | - | (382.4) |
| Profit before taxation | 15.6 | 100.3 | 71.1 | 187.0 |
| Income tax charge | - | (12.5) | (18.0) | (30.5) |
| Profit attributable to equity shareholders | 15.6 | 87.8 | 53.1 | 156.5 |
| Included in operating expenses: | | | | |
| Depreciation | 8.8 | 6.0 | - | 14.8 |
| Amortisation of intangible assets | 4.2 | 4.5 | - | 8.7 |

SEGMENT ASSETS AND LIABILITIES

| 2025 | Commodities \$m | FIC \$m | Other \$m | Total \$m |
|--------------------------|--------------------|-----------------|----------------|-----------------|
| Total assets | 18,633.3 | 16,852.2 | 2,315.2 | 37,800.7 |
| Total liabilities | 18,633.3 | 16,852.2 | 183.8 | 35,669.3 |
| 2024 | | | | |
| Total assets | 9,307.9 | 14,078.9 | 3,213.6 | 26,600.4 |
| Total liabilities | 9,307.9 | 14,078.9 | 1,269.9 | 24,656.7 |

1. SEGMENT REPORTING (CONTINUED)

GEOGRAPHICAL ANALYSIS

The geographical analysis has been compiled on the basis of the financial accounting records of the regional offices and has been prepared in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013, under the framework of the Capital Requirements Directive IV.

| 2025 | Nature of activities | Geographical location | Turnover ¹ \$m | Profit / (loss) before tax \$m | Corporation tax paid ² \$m | Average number of employees |
|---|----------------------|-----------------------|------------------------------|--------------------------------------|---|-----------------------------------|
| ICBC Standard Bank Plc | Banking | United Kingdom | 669.0 | 262.1 | 39.4 | 728 |
| ICBC Standard Bank Plc Singapore branch | Banking | Singapore | 41.2 | 11.0 | 0.6 | 86 |
| ICBC Standard Resources (China) Limited | Trading | China | 3.8 | 0.4 | 0.2 | 12 |
| ICBC Standard NY Holdings, Inc. group | Broker/Dealer | USA | 25.8 | 7.4 | 1.0 | 28 |
| Total | | | 739.8 | 280.9 | 41.2 | 854 |
| 2024 | | | | | | |
| ICBC Standard Bank Plc | Banking | United Kingdom | 515.4 | 182.2 | 15.7 | 729 |
| ICBC Standard Bank Plc Singapore branch | Banking | Singapore | 32.9 | 3.6 | 1.7 | 88 |
| ICBC Standard Resources (China) Limited | Trading | China | 4.1 | 1.0 | 0.2 | 12 |
| ICBC Standard NY Holdings, Inc. group | Broker/Dealer | USA | 19.7 | 0.2 | 0.1 | 30 |
| Total | | | 572.1 | 187.0 | 17.7 | 859 |

1. Turnover is defined as accounting revenue, being total operating income, and at the entity level is recorded under the terms of the Group's transfer pricing model for taxation.

2. ICBC Standard Bank Plc corporation tax paid in 2025 includes \$1.6 million paid in relation to the USA permanent establishment (2024: \$1.0 million).

SUMMARY BALANCE SHEET

| 2025 | Total assets \$m | Non-financial assets \$m | Total liabilities \$m | Non-financial liabilities \$m |
|---|---------------------|--------------------------------|-----------------------------|-------------------------------------|
| ICBC Standard Bank Plc | 37,670.7 | 9,930.7 | 35,639.5 | 7,572.7 |
| ICBC Standard Bank Plc Singapore branch | 76.3 | 2.4 | 13.2 | 13.2 |
| ICBC Standard Resources (China) Limited | 16.4 | 0.6 | 1.3 | 1.3 |
| ICBC Standard NY Holdings, Inc. group | 51.0 | 10.0 | 15.4 | 15.4 |
| Other consolidation eliminations | (13.7) | (0.1) | (0.1) | (0.1) |
| Total | 37,800.7 | 9,943.6 | 35,669.3 | 7,602.5 |
| 2024 | | | | |
| ICBC Standard Bank Plc | 26,494.4 | 6,364.5 | 24,634.1 | 5,034.7 |
| ICBC Standard Bank Plc Singapore branch | 65.7 | 8.7 | 12.0 | 12.0 |
| ICBC Standard Resources (China) Limited | 14.9 | 0.8 | 1.4 | 1.3 |
| ICBC Standard NY Holdings, Inc. group | 44.9 | 12.1 | 15.1 | 15.1 |
| Other consolidation eliminations | (19.5) | (5.8) | (5.9) | (5.9) |
| Total | 26,600.4 | 6,380.3 | 24,656.7 | 5,057.2 |

During the year, the Group received public subsidies of \$31,400 under various employment initiatives operated by the Singapore government (2024: \$33,200).

2 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

In preparing the consolidated Group and Company financial statements, estimates and judgements are made that could affect the reported amounts of assets and liabilities within the next reporting period. Estimates and judgements are continually evaluated and are based on factors such as historical experience and current best estimates of uncertain future events that are believed to be reasonable under the circumstances.

2.1 DETERMINING FAIR VALUE (ESTIMATE)

The fair value of financial instruments that are not quoted in active markets is determined using other valuation techniques. Wherever possible, models use only observable market data. Where required, these models incorporate assumptions that are not supported by prices from observable current market transactions in the same instrument and are not based on available observable market data. Such assumptions include recoverability, risk premiums, liquidity discount rates, credit spreads, volatilities and correlations. Changes in these assumptions could affect the reported fair values of financial instruments, including the related unrealised gains and losses recognised in income in the period. Additional disclosures on fair value measurements of financial instruments are set out in notes 23 to 25.

2.2 LEGAL AND REGULATORY MATTERS (JUDGEMENT)

From time to time, the Group is the subject of litigation, regulatory reviews and requests for information by various governmental and regulatory bodies arising from the Group's business operations.

Provisions for legal and regulatory matters typically require a high degree of judgement based on the specific facts and circumstances relating to individual events and there can be a wide range of possible outcomes and uncertainties and, as a result, it is often not practicable to make meaningful estimates of the probability and amount of any outflows that may arise, even when matters are at a more advanced stage.

Notwithstanding the above, the Bank recognised provisions of \$0.5 million in 2025 in respect of legal matters, in accordance with accounting policy 11, primarily in relation to the estimated legal costs of defending certain claims as they progress through the courts or other stages of the litigation process, bringing the total provision in respect of such matters at 31 December 2025 to \$9.1 million. Additional disclosures on legal matters involving the Group are set out in note 29.3.

2 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

2.3 DEFERRED TAX ASSETS (JUDGEMENT)

The accounting policy for the recognition of deferred tax assets is described in accounting policy 12. A deferred tax asset is recognised to the extent it is probable that future taxable profits will be available against which the deductible temporary differences and unutilised trading losses can be utilised. Recognition relies on management's judgements surrounding the probability and sufficiency of future taxable profits and future reversals of existing taxable temporary differences.

Recognition is based on the evidence available concerning conditions at the reporting date including significant management judgements with respect to projections of business revenues. Management's judgement takes into account the impact of both negative and positive evidence, including historical financial results and projections of future taxable income, on which the recognition of the deferred tax asset is mainly dependent.

Recent profits in the Group are not deemed sufficient on their own to support recognition of the majority of deferred tax assets on the basis of estimated future taxable profits over the Group's five-year planning horizon. This reflects uncertainties arising from the general macro-economic environment, market volatility created by various recent events including the on-going war in Ukraine, continued conflict in the Middle East, major economies' divergent monetary policies, US tariffs and other geopolitical tensions, as well as the inherent volatility associated with the Group's trading activities. Given these uncertainties, management has utilised a three-year look-ahead period to support the recognition of a deferred tax asset.

At 31 December 2025, the Group recognised a deferred tax asset of \$13.7 million, including a UK deferred tax asset of \$12.4 million, based on a three-year look-ahead of probable profits for 2026, 2027 and 2028 against which the associated deductible temporary differences and unutilised trading losses can be offset. As the UK deferred tax asset recognised is dependent on the judgement of probable future profits, to the extent the level of actual profits is greater than what has been determined to be probable, the level of deferred tax asset recognised could have been materially different. Gross unutilised trading losses carried forward and other temporary differences of \$558.4 million, representing potential deferred tax assets of \$139.6 million, have not been recognised by the Group.

Additional disclosure relating to the deferred tax asset is set out in note 12.

3. CASH AND BALANCES WITH CENTRAL BANKS

| | Group | | Company | |
|--------------------------------------|--------------|-------------|--------------|-------------|
| | 2025 \$m | 2024 \$m | 2025 \$m | 2024 \$m |
| Reserve Account with Bank of England | 764.5 | 2,674.1 | 764.5 | 2,674.1 |

4. DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

| | Group | | Company | |
|--|----------------|-------------|----------------|-------------|
| | 2025 \$m | 2024 \$m | 2025 \$m | 2024 \$m |
| Gross banks and other financial institutions | 5,440.9 | 3,730.2 | 5,368.2 | 3,667.4 |
| Credit loss allowances | (2.7) | (3.0) | (2.7) | (3.0) |
| | 5,438.2 | 3,727.2 | 5,365.5 | 3,664.4 |
| Segmental industry analysis | | | | |
| Due from banks | 3,677.5 | 2,751.4 | 3,604.9 | 2,688.6 |
| Other financial institutions | 1,760.7 | 975.8 | 1,760.6 | 975.8 |
| | 5,438.2 | 3,727.2 | 5,365.5 | 3,664.4 |
| Included above are the following amounts with related parties: | | | | |
| Balances with ultimate holding company (ICBC) and subsidiaries and branches | 81.9 | 53.9 | 50.3 | 24.0 |
| Balances with shareholder with significant influence (SBG) and subsidiaries and branches | 52.4 | 42.1 | 52.4 | 42.1 |
| | 134.3 | 96.0 | 102.7 | 66.1 |

5. FINANCIAL ASSETS HELD FOR TRADING

| | Group | | Company | |
|--|----------------|-------------|----------------|-------------|
| | 2025 \$m | 2024 \$m | 2025 \$m | 2024 \$m |
| Debt securities: | | | | |
| Governments | 950.8 | 749.7 | 950.8 | 749.7 |
| Banks and other financial institutions | 462.5 | 457.3 | 462.5 | 457.3 |
| Corporates | 0.1 | 4.9 | 0.1 | 4.9 |
| | 1,413.4 | 1,211.9 | 1,413.4 | 1,211.9 |

6. NON-TRADING FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | Group | | Company | |
|-------------------|----------------|-------------|----------------|-------------|
| | 2025 \$m | 2024 \$m | 2025 \$m | 2024 \$m |
| Debt instruments | 1,013.8 | 685.7 | 1,013.8 | 685.7 |
| Unlisted equities | 3.8 | 3.3 | 3.8 | 3.3 |
| | 1,017.6 | 689.0 | 1,017.6 | 689.0 |

7. DERIVATIVE INSTRUMENTS

7.1 DERIVATIVE ASSETS AND LIABILITIES

All derivatives are classified as either derivatives held for trading or derivatives held for hedging.

| Group 2025 | Maturity analysis of net fair value | | | Net fair value \$m | Fair value of assets \$m | Fair value of liabilities \$m | Contract / notional amount \$m |
|--|-------------------------------------|---------------|---------------|--------------------|--------------------------|-------------------------------|--------------------------------|
| | < 1 year \$m | 1-5 years \$m | > 5 years \$m | | | | |
| Gross derivatives held for trading | | | | | | | |
| Foreign exchange derivatives | 83.5 | (14.1) | - | 69.4 | 1,517.8 | (1,448.4) | 132,307.9 |
| Forwards | 82.7 | (14.1) | - | 68.6 | 1,479.7 | (1,411.1) | 127,647.4 |
| Options | 0.8 | - | - | 0.8 | 38.1 | (37.3) | 4,660.5 |
| Interest rate derivatives | (33.4) | 149.0 | 28.8 | 144.4 | 2,983.5 | (2,839.1) | 321,246.1 |
| Caps and floors | 1.3 | - | - | 1.3 | 1.6 | (0.3) | 1,763.1 |
| Forwards | 0.8 | - | - | 0.8 | 5.6 | (4.8) | 11,385.7 |
| Futures options | - | - | - | - | 1.1 | (1.1) | 78,170.9 |
| Swaps | (31.3) | 149.5 | 28.8 | 147.0 | 2,971.2 | (2,824.2) | 228,732.6 |
| Swaptions | (4.2) | (0.5) | - | (4.7) | 4.0 | (8.7) | 1,193.8 |
| Commodity derivatives | 788.9 | 71.9 | - | 860.8 | 18,377.7 | (17,516.9) | 415,190.7 |
| Forwards | 708.9 | 22.0 | - | 730.9 | 5,156.4 | (4,425.5) | 110,599.4 |
| Futures | 46.7 | 67.5 | - | 114.2 | 12,903.7 | (12,789.5) | 295,023.5 |
| Options | 31.3 | 0.9 | - | 32.2 | 166.9 | (134.7) | 6,216.9 |
| Swaps | 2.0 | (18.5) | - | (16.5) | 150.7 | (167.2) | 3,350.9 |
| Credit derivatives | (19.5) | (36.8) | (4.4) | (60.7) | 59.4 | (120.1) | 1,089.2 |
| Credit default swaps | (0.1) | (4.4) | (0.2) | (4.7) | 4.2 | (8.9) | 697.3 |
| Total return swaps | (19.4) | (32.4) | (4.2) | (56.0) | 55.2 | (111.2) | 391.9 |
| Total gross derivative assets / (liabilities) held for trading | 819.5 | 170.0 | 24.4 | 1,013.9 | 22,938.4 | (21,924.5) | 869,833.9 |
| Gross derivatives held for hedging | | | | | | | |
| Derivatives designated as cash flow hedges | 12.7 | 1.8 | - | 14.5 | 14.5 | - | 314.7 |
| Foreign exchange forwards | 12.3 | 1.7 | - | 14.0 | 14.0 | - | 302.2 |
| Equity options | 0.4 | 0.1 | - | 0.5 | 0.5 | - | 12.5 |
| Derivatives designated as fair value hedges | (0.2) | (0.3) | - | (0.5) | 1.4 | (1.9) | 236.2 |
| Interest rate swaps | (0.2) | (0.3) | - | (0.5) | 1.4 | (1.9) | 236.2 |
| Total gross derivative assets / (liabilities) held for hedging | 12.5 | 1.5 | - | 14.0 | 15.9 | (1.9) | 550.9 |
| Total gross derivative assets / (liabilities) | 832.0 | 171.5 | 24.4 | 1,027.9 | 22,954.3 | (21,926.4) | 870,384.8 |
| Offset (Note 26) | 290.1 | - | - | 290.1 | (14,267.9) | 14,558.0 | - |
| Total derivative assets / (liabilities) | 1,122.1 | 171.5 | 24.4 | 1,318.0 | 8,686.4 | (7,368.4) | 870,384.8 |
| Included above are the following amounts with related parties: | | | | | | | |
| Balances with ultimate holding company (ICBC) and subsidiaries and branches | | | | 180.6 | 514.5 | (333.9) | |
| Balances with shareholder with significant influence (SBG) and subsidiaries and branches | | | | 39.8 | 322.1 | (282.3) | |

The contract/notional amounts of derivatives indicate the nominal value of transactions outstanding at the balance sheet date. They do not represent amounts at risk.

The Company reported derivative assets of \$8,686.4 million (2024: \$3,911.2 million) and derivative liabilities of \$7,368.4 million (2024: \$4,194.9 million).

7. DERIVATIVE INSTRUMENTS (CONTINUED)

7.1 DERIVATIVE ASSETS AND LIABILITIES (CONTINUED)

| Group 2024 | Maturity analysis of net fair value | | | Net fair value \$m | Fair value of assets \$m | Fair value of liabilities \$m | Contract / notional amount \$m |
|--|-------------------------------------|------------------|------------------|-----------------------|-----------------------------|----------------------------------|-----------------------------------|
| | < 1 year \$m | 1-5 years \$m | > 5 years \$m | | | | |
| Gross derivatives held for trading | | | | | | | |
| Foreign exchange derivatives | (90.9) | 0.1 | - | (90.8) | 1,345.9 | (1,436.7) | 113,839.4 |
| Forwards | (92.5) | (1.1) | - | (93.6) | 1,307.8 | (1,401.4) | 110,006.2 |
| Options | 1.6 | 1.2 | - | 2.8 | 38.1 | (35.3) | 3,833.2 |
| Interest rate derivatives | (99.1) | (114.2) | 65.0 | (148.3) | 6,004.3 | (6,152.6) | 491,640.6 |
| Caps and floors | - | 3.9 | - | 3.9 | 4.1 | (0.2) | 1,559.6 |
| Forwards | 4.3 | - | - | 4.3 | 19.8 | (15.5) | 35,692.4 |
| Futures options | - | 0.1 | - | 0.1 | 4.4 | (4.3) | 64,883.6 |
| Swaps | (104.6) | (116.8) | 65.0 | (156.4) | 5,960.0 | (6,116.4) | 386,018.5 |
| Swaptions | 1.2 | (1.4) | - | (0.2) | 16.0 | (16.2) | 3,486.5 |
| Commodity derivatives | 203.5 | 108.1 | - | 311.6 | 4,462.5 | (4,150.9) | 166,747.1 |
| Forwards | 163.6 | 3.4 | - | 167.0 | 656.9 | (489.9) | 30,240.0 |
| Futures | 48.4 | 98.4 | - | 146.8 | 3,730.4 | (3,583.6) | 131,893.6 |
| Options | (0.7) | (0.4) | - | (1.1) | 19.8 | (20.9) | 2,630.4 |
| Swaps | (7.8) | 6.7 | - | (1.1) | 55.4 | (56.5) | 1,983.1 |
| Credit derivatives | 2.1 | (29.4) | (1.3) | (28.6) | 106.3 | (134.9) | 1,193.4 |
| Credit default swaps | - | (2.5) | 0.2 | (2.3) | 4.5 | (6.8) | 538.5 |
| Total return swaps | 2.1 | (26.9) | (1.5) | (26.3) | 101.8 | (128.1) | 654.9 |
| Total gross derivative assets / (liabilities) held for trading | 15.6 | (35.4) | 63.7 | 43.9 | 11,919.0 | (11,875.1) | 773,420.5 |
| Gross derivatives held for hedging | | | | | | | |
| Derivatives designated as cash flow hedges | (0.5) | 1.9 | - | 1.4 | 5.0 | (3.6) | 371.2 |
| Foreign exchange forwards | (1.6) | (0.2) | - | (1.8) | 1.7 | (3.5) | 358.5 |
| Equity options | 1.1 | 2.1 | - | 3.2 | 3.3 | (0.1) | 12.7 |
| Derivatives designated as fair value hedges | - | (4.2) | - | (4.2) | 1.3 | (5.5) | 212.2 |
| Interest rate swaps | - | (4.2) | - | (4.2) | 1.3 | (5.5) | 212.2 |
| Total gross derivative assets / (liabilities) held for hedging | (0.5) | (2.3) | - | (2.8) | 6.3 | (9.1) | 583.4 |
| Total gross derivative assets / (liabilities) | 15.1 | (37.7) | 63.7 | 41.1 | 11,925.3 | (11,884.2) | 774,003.9 |
| Offset (Note 26) | (324.8) | - | - | (324.8) | (8,014.1) | 7,689.3 | - |
| Total derivative assets / (liabilities) | (309.7) | (37.7) | 63.7 | (283.7) | 3,911.2 | (4,194.9) | 774,003.9 |
| Included above are the following amounts with related parties: | | | | | | | |
| Balances with ultimate holding company (ICBC) and subsidiaries and branches | | | | 86.3 | 466.5 | (380.2) | |
| Balances with shareholder with significant influence (SBG) and subsidiaries and branches | | | | 32.6 | 250.1 | (217.5) | |

7. DERIVATIVE INSTRUMENTS (CONTINUED)

7.2 USE AND MEASUREMENT OF DERIVATIVE INSTRUMENTS

In the normal course of business, the Group enters into a variety of derivative transactions for both trading and hedging purposes. Derivative financial instruments are entered into for trading purposes on behalf of customers and for the Group's own account, and for hedging foreign exchange, interest rate and equity exposures. Derivative instruments used by the Group in both trading and hedging activities include swaps, options, forwards, futures and other similar types of instruments based on foreign exchange rates, interest rates, credit risk and the prices of commodities and equities.

The risks associated with derivative instruments are monitored in the same manner as for the underlying instruments. Risks are also measured across the product range in order to take into account possible correlations.

The fair values of all derivatives are recognised in the balance sheet and are only offset to the extent that the Group currently has a legal right of set-off and there is an intention to settle on a net basis.

Swaps are transactions in which two parties exchange cash flows on a specified notional amount for a predetermined period. The major types of swap transactions undertaken by the Group are described below.

- Interest rate swap contracts generally entail the contractual exchange of fixed and floating rate interest payments in a single currency, based on a notional amount and an interest reference rate.
- Total return swaps are contracts in which one party (the total return payer) transfers the economic risks and rewards associated with an underlying asset to another party (the total return receiver). The transfer of risks and rewards is effected by way of an exchange of cash flows that mirror changes in the value of the underlying asset and any income derived therefrom.
- Cross currency interest rate swaps involve the exchange of interest payments based on two different currency principal balances and interest reference rates and generally also entail exchange of principal amounts at the start and/or end of the contract.
- Credit default swaps are the most common form of credit derivative, under which the party buying protection makes one or more payments to the party selling protection during the term of the swap in exchange for an undertaking by the seller to make a payment to the buyer following a credit event, as defined in the contract, with respect to a third party.

Options are contractual agreements under which the seller (writer) grants the purchaser the right, but not the obligation, either to buy (call option) or to sell (put option) by, or on a set date, a specified amount of a financial instrument or commodity at a predetermined price. The seller receives a premium from the purchaser for this right. Options may be traded over-the-counter or on a regulated exchange.

Forwards and futures are contractual obligations to buy or sell a specified amount of a financial instrument or commodity on a future date at a specified price. Forward contracts are tailor-made agreements that are transacted between counterparties in the OTC market, whereas futures are standardised contracts transacted on regulated exchanges.

7.3 DERIVATIVES HELD FOR TRADING

The Group trades derivative instruments on behalf of customers and for its own account. The Group transacts derivative contracts to address customer demands both as a market maker in the wholesale markets and in structuring tailored derivatives for customers. The Group also takes positions for its own account. Trading derivative products includes the following derivative instruments:

7. DERIVATIVE INSTRUMENTS (CONTINUED)

7.3 DERIVATIVES HELD FOR TRADING (CONTINUED)

7.3.1 Foreign exchange derivatives

Foreign exchange derivatives are used to hedge foreign currency risks on behalf of customers and for the Group's own positions. Foreign exchange derivatives consist of forward contracts and options.

7.3.2 Interest rate derivatives

Interest rate derivatives are used to modify the volatility and interest rate characteristics of interest-earning assets and interest-bearing liabilities on behalf of customers and for the Group's own positions. Interest rate derivatives primarily consist of caps and floors, forward rate agreements, futures options, swaps and swaptions.

7.3.3 Commodity derivatives

Commodity derivatives are used to address customer commodity demands and to take positions for the Group's own account. Commodity derivatives primarily consist of forwards, futures, options and swaps.

7.3.4 Credit derivatives

Credit derivatives are used to hedge the credit risk exposure from one counterparty to another and manage the credit exposure to selected counterparties on behalf of customers and for the Group's own positions. Credit derivatives primarily consist of credit default swaps and total return swaps.

7.4 DERIVATIVES HELD FOR HEDGING

7.4.1 Derivatives designated as cash flow hedges

The Group designates certain derivative contracts as a hedge of the exposure to variability in cash flows attributable to a particular risk associated with a recognised asset or liability or highly probable future transaction that could affect profit or loss (cash flow hedges), as follows:

- The income statement volatility associated with future highly probable sterling denominated expenses is hedged against the functional currency utilising forward exchange contracts.
- Equity options are used to mitigate risk of change in cash flows arising from changes in the long-term incentive liability, underpinned by the ICBC share price (note 30.8).

The former provides a hedge of the Group's sterling cost base against the US dollar functional currency for exchange rate movements. The hedge ratio is determined by comparing the notional amount of the derivative against the forecasted operating costs that are to be hedged. For the purposes of hedge effectiveness testing, the Group compares changes in the fair value of the hedged item resulting from movements in exchange rates with changes in the fair value of the forward currency transactions used as hedging instruments, including the time value elements of those forwards.

The latter provides a hedge of the Group's employee share based payments liability against the equity share price movements of the underlying equity shares to which these relate. The hedge ratio is determined by comparing the notional amount of the derivative against the value of the share based payments liability to be hedged. For the purposes of hedge effectiveness testing, the Group compares changes in the fair value of the hedged item resulting from movements in the equity share price with changes in the fair value of the equity options used as hedging instruments. Only the intrinsic value of the options has been designated as a hedge and so effectiveness is measured by comparing changes in the liability and options using the spot equity price, ignoring time value. Consequently, any time value changes will be recognised immediately in profit or loss as ineffectiveness.

7. DERIVATIVE INSTRUMENTS (CONTINUED)

7.4 DERIVATIVES HELD FOR HEDGING (CONTINUED)

7.4.1 Derivatives designated as cash flow hedges (continued)

Possible sources of ineffectiveness in the Group's cash flow hedging relationships include the following:

- Use of derivatives as the hedging instrument creates credit risk exposure to the derivative counterparties. This is mitigated by using highly rated derivative counterparties and margining arrangements.
- Differences in timing of settlements on the hedged item and hedging instrument. This is mitigated by matching the terms of the hedged item and hedging instrument as closely as possible.
- For hedges of the Group's share based payments liability, excluding time value from the value of the options used to hedge the Group's employee share based payments liability.
- For hedges of the Group's cost base, ineffectiveness will arise if the notional amount hedged exceeds the actual or budgeted cash flows. This is mitigated by only hedging 90% of the budgeted cost base.

Gains and losses on the effective portion of derivatives designated as cash flow hedges of forecast transactions are initially recognised directly in other comprehensive income in the cash flow hedging reserve, and are transferred to the income statement when the forecast cash flows impact the income statement.

For cash flow hedges, the following table contains information related to items designated as hedging instruments, hedged items and hedge ineffectiveness:

| Group and Company (\$'millions) | Carrying amount ¹ | | Hedging instrument | | | Hedged item | | |
|------------------------------------|------------------------------|--------------|--|---|---|---|--|--------------------------------------|
| | Assets | Liabilities | Hedge ineffectiveness | | | Amount recycled from OCI due to hedged item affecting profit or loss ^{3,4} | Change in value used for calculating hedge ineffectiveness | Cash flow hedge reserve ⁵ |
| Hedged risk | | | Change in fair value used to calculate hedge ineffectiveness | Change in value of hedging instrument recognised in OCI | Hedge ineffectiveness recognised in profit or loss ² | | | |
| 2025 | | | | | | | | |
| Foreign exchange risk | 14.0 | - | 26.2 | 26.2 | - | (10.4) | (26.2) | 14.0 |
| Equity price risk | 0.5 | - | 1.9 | 2.4 | (0.5) | (2.6) | (2.4) | 0.3 |
| Total | 14.5 | - | 28.1 | 28.6 | (0.5) | (13.0) | (28.6) | 14.3 |
| 2024 | | | | | | | | |
| Foreign exchange risk | 1.7 | (3.5) | (3.5) | (3.5) | - | (20.4) | 3.5 | (1.8) |
| Equity price risk | 3.3 | (0.1) | 5.5 | 5.1 | 0.4 | (4.0) | (5.1) | 0.5 |
| Total | 5.0 | (3.6) | 2.0 | 1.6 | 0.4 | (24.4) | (1.6) | (1.3) |

1. All hedging instruments are recorded in derivative financial assets or derivative financial liabilities on the balance sheet.

2. All hedge ineffectiveness is recorded in net trading revenue.

3. All amounts transferred from the cash flow hedging reserve into profit or loss are due to hedged items affecting profit or loss. No amounts have been recycled for items where hedge accounting had previously been applied for which hedged future cash flows are no longer expected to occur.

4. Reclassification adjustments are recognised in the income statement in operating expenses, with those relating to foreign exchange risk in other operating expenses and those relating to equity price risk in staff costs.

5. All amounts in the cash flow hedge reserve relate to continuing hedges. There are no amounts in the cash flow hedge reserve for hedging relationships for which hedge accounting is no longer applied.

At 31 December 2025, the Group held forward foreign exchange contracts to hedge its budgeted sterling costs with a nominal amount of £235.5 million (\$316.9 million) (2024: £285.0 million/\$357.4 million), a maturity of less than two years and an average US dollar/sterling exchange rate of 1.28 (2024: 1.26).

7. DERIVATIVE INSTRUMENTS (CONTINUED)

7.4 DERIVATIVES HELD FOR HEDGING (CONTINUED)

7.4.2 Derivatives designated as fair value hedges

The Group's fair value hedges consist of interest rate swaps that are used to mitigate the risk of changes in the fair value of financial instruments as a result of changes in market interest rates.

The financial instruments designated in fair value hedge relationships comprise certain term loan facilities, debt securities and subordinated debt issued by the Group. The hedge ratio for the Group's fair value hedging relationships is determined by comparing the principal of the hedged item and the notional amount for the derivative. For the purposes of hedge effectiveness testing, the Group compares changes in the fair value of the hedged item resulting from movements in interest rates with changes in the fair value of the interest rate swaps used as the hedging instruments.

Possible sources of ineffectiveness in the Group's fair value hedging relationships include the following:

- Use of derivatives as the hedging instrument creates credit risk exposure to the derivative counterparties. This is mitigated by using highly rated swap counterparties and margining arrangements.
- Differences in timing of settlements on the hedged item and hedging instrument. This is mitigated by matching the terms of the hedged item and hedging instrument as closely as possible.
- Different amortisation profiles on the hedged item principal amounts and the swap notionals. This is mitigated by matching the terms of the hedged item and hedging instruments as closely as possible.
- Use of different discounting curves when measuring the fair value of the hedged items and hedging instruments.

For qualifying fair value hedges, all changes in the fair value of the derivative and in the fair value of the hedged item in relation to the risks being hedged are recognised in the income statement.

7. DERIVATIVE INSTRUMENTS (CONTINUED)

7.4 DERIVATIVES HELD FOR HEDGING (CONTINUED)

7.4.2 Derivatives designated as fair value hedges (continued)

For fair value hedges, the following table contains information related to items designated as hedging instruments, hedged items and ineffectiveness:

| Group and Company (\$'millions) | Hedging instrument | | | | | Hedged item | | |
|------------------------------------|---|--------------|--------------------------------------|-------------------------------|-----------------|---|---|--------------|
| | Carrying amount of hedging instruments ¹ | | Hedge ineffectiveness ^{2,3} | | | Carrying amount of the hedged item ⁴ | Accumulated amount of fair value hedge adjustment gains/(losses) of hedged items ^{5,6} | |
| Hedging instrument | Assets | Liabilities | Gains/(losses) on hedging instrument | Gains/(losses) on hedged item | Ineffectiveness | Assets | Liabilities | |
| 2025 | | | | | | | | |
| Interest rate swaps | | | | | | | | |
| Loans and advances to customers | 0.5 | - | (0.9) | 1.0 | 0.1 | 56.8 | - | (4.2) |
| Debt securities | 1.0 | - | (0.3) | 0.3 | - | 30.1 | 0.3 | - |
| Subordinated debt | - | (1.7) | 3.3 | (3.3) | - | (149.9) | 1.4 | - |
| Totals | 1.5 | (1.7) | 2.1 | (2.0) | 0.1 | (63.0) | 1.7 | (4.2) |
| 2024 | | | | | | | | |
| Interest rate swaps | | | | | | | | |
| Loans and advances to customers | 1.3 | - | (1.8) | 2.4 | 0.6 | 62.4 | - | (4.6) |
| Subordinated debt | - | (5.2) | 0.4 | (0.5) | (0.1) | (146.6) | 4.7 | - |
| Totals | 1.3 | (5.2) | (1.4) | 1.9 | 0.5 | (84.2) | 4.7 | (4.6) |

- All hedging instruments are recorded in derivative financial assets or derivative financial liabilities on the balance sheet.
- All hedge ineffectiveness is recorded in net trading revenue.
- Gains/(losses) on hedging instruments and hedged items are the amounts used to calculate hedge ineffectiveness.
- This represents the carrying value on the consolidated balance sheet and comprises amortised cost before allowance for credit losses, plus fair value hedge adjustments.
- This represents the accumulated fair value hedge adjustment and is a component of the carrying amount of the hedged item.
- There were no hedges discontinued during the current or prior year.

8. REVERSE REPURCHASE AGREEMENTS

| | Group | | Company | |
|--|----------------|-------------|----------------|-------------|
| | 2025 \$m | 2024 \$m | 2025 \$m | 2024 \$m |
| Measured at amortised cost ¹ : | 2,444.1 | 781.3 | 2,444.1 | 781.3 |
| Banks and other financial institutions | 2,198.4 | 781.3 | 2,198.4 | 781.3 |
| Governments | 247.9 | - | 247.9 | - |
| Credit loss allowances | (2.2) | - | (2.2) | - |
| Measured at FVTPL: | 2,543.2 | 2,745.5 | 2,543.2 | 2,745.5 |
| Banks and other financial institutions | 2,528.0 | 2,745.5 | 2,528.0 | 2,745.5 |
| Non-financial corporations | 15.2 | - | 15.2 | - |
| | 4,987.3 | 3,526.8 | 4,987.3 | 3,526.8 |
| Included above are the following amounts with related parties: | | | | |
| Balances with ultimate holding company (ICBC) and subsidiaries and branches | - | - | - | - |
| Balances with shareholder with significant influence (SBG) and subsidiaries and branches | 263.8 | 356.2 | 263.8 | 356.2 |
| | 263.8 | 356.2 | 263.8 | 356.2 |

- Included in reverse repurchase agreements measured at amortised cost are exposures collateralised with securities that have specific wrong-way risk (where the debt securities received as collateral are issued by the counterparty or economic group to whom the Group has the credit risk exposure), leading to adverse correlation between counterparty credit exposure and credit quality, as detailed in note 37.4. The value of such exposures at 31 December 2025 was \$657.8 million (2024: nil), with the total value of collateral received including adversely correlated debt securities of \$1,301.2 million.

9 LOANS AND ADVANCES TO CUSTOMERS

| | Group | | Company | |
|---|----------------|-------------|----------------|-------------|
| | 2025 \$m | 2024 \$m | 2025 \$m | 2024 \$m |
| Gross loans and advances to customers | 1,844.8 | 1,307.9 | 1,844.8 | 1,307.9 |
| Demand loans and advances | 106.1 | 135.6 | 106.1 | 135.6 |
| Term loans ¹ | 1,738.7 | 1,172.3 | 1,738.7 | 1,172.3 |
| Credit loss allowances | (16.8) | (4.9) | (16.8) | (4.9) |
| | 1,828.0 | 1,303.0 | 1,828.0 | 1,303.0 |
| Segmental industry analysis | | | | |
| Governments and public sector organisations | 58.4 | 62.4 | 58.4 | 62.4 |
| Manufacturing | 246.9 | 169.1 | 246.9 | 169.1 |
| Mining and gas extraction | 810.0 | 495.9 | 810.0 | 495.9 |
| Wholesale | 269.6 | 241.2 | 269.6 | 241.2 |
| Information and communication | 250.5 | 129.3 | 250.5 | 129.3 |
| Construction | 62.7 | 58.0 | 62.7 | 58.0 |
| Utilities | 61.0 | 53.7 | 61.0 | 53.7 |
| Other | 85.7 | 98.3 | 85.7 | 98.3 |
| | 1,844.8 | 1,307.9 | 1,844.8 | 1,307.9 |

1. To manage interest rate volatility on certain term loans, the Group entered into fair value hedges. Refer to note 7.4.2.

10. FINANCIAL INVESTMENTS

| | Group | | Company | |
|--|----------------|-------------|----------------|-------------|
| | 2025 \$m | 2024 \$m | 2025 \$m | 2024 \$m |
| Amortised cost: ¹ | | | | |
| Debt securities | 1,702.7 | 1,638.2 | 1,702.7 | 1,638.2 |
| Fair value through other comprehensive income: | | | | |
| Debt securities | 350.8 | 477.3 | 350.8 | 477.3 |
| Fair value through profit or loss: | | | | |
| Debt securities | 1,668.2 | 1,061.4 | 1,668.2 | 1,061.4 |
| | 3,721.7 | 3,176.9 | 3,721.7 | 3,176.9 |

1. To manage interest rate volatility on certain debt securities, the Group entered into fair value hedges. Refer to note 7.4.2.

11. PROPERTY AND EQUIPMENT

11.1 GROUP SUMMARY

| | 2025 | | | | 2024 | | | |
|--|--------------|--------------------------|------------------------|----------------|-------|--------------------------|------------------------|----------------|
| | Cost | Accumulated depreciation | Accumulated impairment | Carrying value | Cost | Accumulated depreciation | Accumulated impairment | Carrying value |
| | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
| Computer equipment | 34.1 | (29.8) | - | 4.3 | 32.2 | (27.7) | - | 4.5 |
| Office equipment | 8.0 | (4.8) | - | 3.2 | 6.1 | (4.9) | - | 1.2 |
| Furniture and fittings | 19.4 | (8.5) | - | 10.9 | 11.2 | (8.0) | - | 3.2 |
| Right of use lease assets ¹ | 111.7 | (54.9) | (4.4) | 52.4 | 123.2 | (56.8) | (5.0) | 61.4 |
| | 173.2 | (98.0) | (4.4) | 70.8 | 172.7 | (97.4) | (5.0) | 70.3 |

11.2 GROUP MOVEMENT

| | 2024 | | | | 2025 |
|---------------------------|----------------|-----------|-----------|---------------------|----------------|
| | Carrying value | Additions | Disposals | Depreciation charge | Carrying value |
| | \$m | \$m | \$m | \$m | \$m |
| Computer equipment | 4.5 | 2.0 | - | (2.2) | 4.3 |
| Office equipment | 1.2 | 2.5 | (0.3) | (0.2) | 3.2 |
| Furniture and fittings | 3.2 | 8.8 | - | (1.1) | 10.9 |
| Right of use lease assets | 61.4 | - | - | (9.0) | 52.4 |
| | 70.3 | 13.3 | (0.3) | (12.5) | 70.8 |

| | 2023 | | | | 2024 |
|---------------------------|----------------|-----------|-----------|---------------------|----------------|
| | Carrying value | Additions | Disposals | Depreciation charge | Carrying value |
| | \$m | \$m | \$m | \$m | \$m |
| Computer equipment | 3.6 | 3.1 | - | (2.2) | 4.5 |
| Office equipment | 1.0 | 0.6 | - | (0.4) | 1.2 |
| Furniture and fittings | 3.8 | 1.2 | - | (1.8) | 3.2 |
| Right of use lease assets | 58.5 | 13.3 | - | (10.4) | 61.4 |
| | 66.9 | 18.2 | - | (14.8) | 70.3 |

11.3 COMPANY SUMMARY

| | 2025 | | | | 2024 | | | |
|--|--------------|--------------------------|------------------------|----------------|-------|--------------------------|------------------------|----------------|
| | Cost | Accumulated depreciation | Accumulated impairment | Carrying value | Cost | Accumulated depreciation | Accumulated impairment | Carrying value |
| | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
| Computer equipment | 33.4 | (29.5) | - | 3.9 | 31.3 | (27.4) | - | 3.9 |
| Office equipment | 7.8 | (4.7) | - | 3.1 | 5.6 | (4.9) | - | 0.7 |
| Furniture and fittings | 18.2 | (8.2) | - | 10.0 | 10.3 | (7.7) | - | 2.6 |
| Right of use lease assets ¹ | 103.9 | (53.1) | (4.4) | 46.4 | 115.4 | (55.9) | (5.0) | 54.5 |
| | 163.3 | (95.5) | (4.4) | 63.4 | 162.6 | (95.9) | (5.0) | 61.7 |

1. Right of use lease assets principally relate to leased properties.

11. PROPERTY AND EQUIPMENT (CONTINUED)

11.4 COMPANY MOVEMENT

| | 2024 | | | | 2025 |
|---------------------------|----------------|-----------|-----------|---------------------|----------------|
| | Carrying value | Additions | Disposals | Depreciation charge | Carrying value |
| | \$m | \$m | \$m | \$m | \$m |
| Computer equipment | 3.9 | 2.1 | - | (2.1) | 3.9 |
| Office equipment | 0.7 | 2.5 | - | (0.1) | 3.1 |
| Furniture and fittings | 2.6 | 8.4 | - | (1.0) | 10.0 |
| Right of use lease assets | 54.5 | - | - | (8.1) | 46.4 |
| | 61.7 | 13.0 | - | (11.3) | 63.4 |

| | 2023 | | | | 2024 |
|---------------------------|----------------|-----------|-----------|---------------------|----------------|
| | Carrying value | Additions | Disposals | Depreciation charge | Carrying value |
| | \$m | \$m | \$m | \$m | \$m |
| Computer equipment | 3.3 | 2.6 | - | (2.0) | 3.9 |
| Office equipment | 1.0 | 0.1 | - | (0.4) | 0.7 |
| Furniture and fittings | 3.0 | 0.6 | - | (1.0) | 2.6 |
| Right of use lease assets | 56.3 | 6.6 | - | (8.4) | 54.5 |
| | 63.6 | 9.9 | - | (11.8) | 61.7 |

12. DEFERRED TAX ASSETS

| | Group | | Company | |
|-----------------------------------|-------|-------|---------|-------|
| | 2025 | 2024 | 2025 | 2024 |
| | \$m | \$m | \$m | \$m |
| Deferred tax asset recognised | 13.7 | 13.3 | 12.4 | 12.4 |
| Deferred tax asset not recognised | 139.6 | 170.0 | 139.6 | 170.0 |

12.1 MOVEMENTS IN DEFERRED TAX BALANCES

| Group | Opening balance | Movement in asset recognised ¹ | Movement in asset not recognised ² | Closing balance |
|--|-----------------|---|---|-----------------|
| | \$m | \$m | \$m | \$m |
| 2025 | | | | |
| Total recognised deferred tax | 13.3 | 0.4 | - | 13.7 |
| Fixed assets | 2.1 | (1.3) | - | 0.8 |
| Share-based payments | 0.6 | 0.2 | - | 0.8 |
| Other short-term temporary differences | 0.3 | 0.1 | - | 0.4 |
| Unused tax losses | 10.3 | 1.4 | - | 11.7 |
| Total unrecognised deferred tax³ | 170.0 | - | (30.4) | 139.6 |
| Temporary differences not recognised | 20.0 | - | (2.5) | 17.5 |
| Unused tax losses not recognised | 150.0 | - | (27.9) | 122.1 |

12. DEFERRED TAX ASSETS (CONTINUED)

12.1 MOVEMENTS IN DEFERRED TAX BALANCES (CONTINUED)

| Group | Opening balance | Movement in asset recognised ¹ | Movement in asset not recognised ² | Closing balance |
|--|-----------------|---|---|-----------------|
| 2024 | \$m | \$m | \$m | \$m |
| Total recognised deferred tax | 8.0 | 5.3 | - | 13.3 |
| Fixed assets | 1.7 | 0.4 | - | 2.1 |
| Share-based payments | 0.4 | 0.2 | - | 0.6 |
| Other short-term temporary differences | 0.1 | 0.2 | - | 0.3 |
| Unused tax losses | 5.8 | 4.5 | - | 10.3 |
| Total unrecognised deferred tax ³ | 192.0 | (12.4) | (9.6) | 170.0 |
| Temporary differences not recognised | 16.4 | (2.1) | 5.7 | 20.0 |
| Unused tax losses not recognised | 175.6 | (10.3) | (15.3) | 150.0 |

| Company | Opening balance | Movement in asset recognised ¹ | Movement in asset not recognised ² | Closing balance |
|--|-----------------|---|---|-----------------|
| 2025 | \$m | \$m | \$m | \$m |
| Total recognised deferred tax | 12.4 | - | - | 12.4 |
| Fixed assets | 2.1 | (1.4) | - | 0.7 |
| Unused tax losses | 10.3 | 1.4 | - | 11.7 |
| Total unrecognised deferred tax³ | 170.0 | - | (30.4) | 139.6 |
| Temporary differences not recognised | 20.0 | - | (2.5) | 17.5 |
| Unused tax losses not recognised | 150.0 | - | (27.9) | 122.1 |

| Company | Opening balance | Movement in asset recognised ¹ | Movement in asset not recognised ² | Closing balance |
|--|-----------------|---|---|-----------------|
| 2024 | \$m | \$m | \$m | \$m |
| Total recognised deferred tax | 7.3 | 5.1 | - | 12.4 |
| Capital allowances | 1.5 | 0.6 | - | 2.1 |
| Unused tax losses | 5.8 | 4.5 | - | 10.3 |
| Total unrecognised deferred tax ³ | 192.0 | (12.4) | (9.6) | 170.0 |
| Temporary differences not recognised | 16.4 | (2.1) | 5.7 | 20.0 |
| Unused tax losses not recognised | 175.6 | (10.3) | (15.3) | 150.0 |

1. The total recognised deferred tax movement for the Group in 2025 of \$0.4 million (Company: \$nil) consists of \$5.4 million of deferred tax assets recognised not previously recognised by the Company, less \$5.4 million utilisation of brought forward recognised deferred tax assets by the Company in 2025, and an increase in the deferred tax assets recognised by the overseas subsidiaries of \$0.4 million.

2. Movement in asset not recognised represents the tax value of movements in the year in respect of tax losses and other deductible temporary differences for which no deferred tax has been recognised.

3. Deferred tax assets have not been recognised by the Group in respect of UK gross deductible temporary differences of \$70.0 million (2024: \$79.9 million) and gross UK tax losses of \$488.4 million (2024: \$600.1 million) which can be carried forward indefinitely.

13. OTHER ASSETS

| | Group | | Company | |
|--|----------------|-------------|----------------|-------------|
| | 2025 \$m | 2024 \$m | 2025 \$m | 2024 \$m |
| Non-financial assets held for trading – Commodities inventory ¹ | 9,586.0 | 6,127.7 | 9,586.0 | 6,127.7 |
| Precious metals | 7,385.8 | 5,015.7 | 7,385.8 | 5,015.7 |
| Inventories | 4,934.6 | 2,974.9 | 4,934.6 | 2,974.9 |
| Unallocated balances | 2,451.2 | 2,040.8 | 2,451.2 | 2,040.8 |
| Base metals | 1,699.4 | 1,019.8 | 1,699.4 | 1,019.8 |
| Energy | 500.8 | 92.2 | 500.8 | 92.2 |
| Other | 262.2 | 161.4 | 261.7 | 161.3 |
| Unsettled dealing balances | 144.9 | 62.3 | 144.9 | 62.3 |
| Other receivables | 87.3 | 67.5 | 86.8 | 67.4 |
| Intangible assets | 30.0 | 31.6 | 30.0 | 31.6 |
| | 9,848.2 | 6,289.1 | 9,847.7 | 6,289.0 |

1. Non-financial assets held for trading form part of the Group's commodities business and are integral to the Group's strategy. Commodity inventories include holdings in facilities operated by authorised third parties.

Included above are the following amounts with related parties:

| | Group | | Company | |
|--|-------------|-------------|-------------|-------------|
| | 2025 \$m | 2024 \$m | 2025 \$m | 2024 \$m |
| Balances with ultimate holding company (ICBC) and subsidiaries and branches | 10.7 | 6.9 | 10.7 | 6.9 |
| Balances with shareholder with significant influence (SBG) and subsidiaries and branches | 10.7 | 4.3 | 10.7 | 4.3 |
| | 21.4 | 11.2 | 21.4 | 11.2 |

Commodities inventory stored by the Group for customers is not recognised on the Group's balance sheet. The value of such commodities inventory at year end was:

| | Group | | Company | |
|--|-----------------|-------------|-----------------|-------------|
| | 2025 \$m | 2024 \$m | 2025 \$m | 2024 \$m |
| Commodities inventory – Stored for customers | 77,407.6 | 49,749.4 | 77,407.6 | 49,749.4 |

13.1 INTANGIBLE ASSETS (GROUP AND COMPANY) – SUMMARY

| | 2025 | | | | 2024 | | | |
|-------------------------------|--------------|--------------------------|------------------------|----------------|-------|--------------------------|------------------------|----------------|
| | Cost | Accumulated amortisation | Accumulated impairment | Carrying value | Cost | Accumulated amortisation | Accumulated impairment | Carrying value |
| | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
| Computer software | 100.3 | (64.6) | (5.7) | 30.0 | 84.9 | (62.9) | (5.7) | 16.3 |
| Work in progress ¹ | - | - | - | - | 15.3 | - | - | 15.3 |
| | 100.3 | (64.6) | (5.7) | 30.0 | 100.2 | (62.9) | (5.7) | 31.6 |

13. OTHER ASSETS

13.2 INTANGIBLE ASSETS (GROUP AND COMPANY) – MOVEMENT

| | 2023 | | | | 2024 | | | | 2025 |
|-------------------------------|----------------|-----------|-----------|----------------------------------|----------------|-----------|-----------|----------------------------------|----------------|
| | Carrying value | Additions | Transfers | Amortisation charge ² | Carrying value | Additions | Transfers | Amortisation charge ² | Carrying value |
| | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
| Computer software | 17.4 | 7.6 | - | (8.7) | 16.3 | 20.2 | - | (6.5) | 30.0 |
| Work in progress ¹ | 11.4 | 11.5 | (7.6) | - | 15.3 | 0.1 | (15.4) | - | - |
| | 28.8 | 19.1 | (7.6) | (8.7) | 31.6 | 20.3 | (15.4) | (6.5) | 30.0 |

1. Work in progress relates to strategic software systems currently being developed, which are not amortised as they are not yet available for use.
 2. See Note 30.6.

14. INVESTMENT IN GROUP COMPANIES

| Company | 2025 \$m | 2024 \$m |
|---------------------------------------|-------------|-------------|
| Carrying value at the end of the year | 29.5 | 29.5 |

The subsidiary undertakings are as follows (directly held unless otherwise indicated):

| Entity | Activity | Location of registered office ² | % Interest in ordinary shares |
|---|-----------------|--|-------------------------------|
| ICBC Standard NY Holdings Inc. | Holding company | United States of America | 100 |
| ICBC Standard Securities Inc. ¹ | Broker / dealer | United States of America | 100 |
| ICBC Standard Resources (America) Inc. ¹ | Trading company | United States of America | 100 |
| ICBC Standard Resources (China) Limited | Trading company | The People's Republic of China | 100 |

1. Indirectly held – the immediate parent of these entities is ICBC Standard NY Holdings Inc.
 2. Refer to registered address information on page 179.

15. FINANCIAL LIABILITIES HELD FOR TRADING

| | Group | | Company | |
|--------------------------------|-------------|-------------|-------------|-------------|
| | 2025 \$m | 2024 \$m | 2025 \$m | 2024 \$m |
| Government bonds | 158.8 | 122.9 | 158.8 | 122.9 |
| Credit-linked notes | 978.4 | 589.6 | 978.4 | 589.6 |
| Deposits by banks ¹ | 739.7 | 225.5 | 739.7 | 225.5 |
| | 1,876.9 | 938.0 | 1,876.9 | 938.0 |

1. Deposits taken to manage currency exposures on derivative positions.

Included above are the following amounts with related parties:

| | Group | | Company | |
|---|-------------|-------------|-------------|-------------|
| | 2025 \$m | 2024 \$m | 2025 \$m | 2024 \$m |
| Balances with ultimate holding company (ICBC) and subsidiaries and branches | 714.3 | 224.2 | 714.3 | 224.2 |

16. NON-TRADING FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

| | Group | | Company | |
|-----------------------|-------------|-------------|-------------|-------------|
| | 2025 \$m | 2024 \$m | 2025 \$m | 2024 \$m |
| Deposits ¹ | 7,342.6 | 6,975.3 | 7,342.6 | 6,975.3 |
| | 7,342.6 | 6,975.3 | 7,342.6 | 6,975.3 |

1. Foreign currency deposits designated at fair value through profit or loss to manage currency exposures.

Included above are the following amounts with related parties:

| | Group | | Company | |
|---|-------------|-------------|-------------|-------------|
| | 2025 \$m | 2024 \$m | 2025 \$m | 2024 \$m |
| Balances with ultimate holding company (ICBC) and subsidiaries and branches | 4,774.9 | 5,483.8 | 4,774.9 | 5,483.8 |

The amount contractually payable on maturity of the non-trading financial liabilities at fair value through profit or loss at 31 December 2025 was \$7,358.4 million, which was \$15.8 million higher than the balance sheet carrying value (2024: \$6,983.4 million, \$8.1 million higher than the balance sheet carrying value). There was no change in the cumulative amount of fair value attributable to changes in the Group's own credit risk (2024: no change).

17. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

| | Group | | Company | |
|------------------------------|-------------|-------------|-------------|-------------|
| | 2025 \$m | 2024 \$m | 2025 \$m | 2024 \$m |
| Due to banks | 7,319.6 | 4,524.8 | 7,319.6 | 4,524.8 |
| Other financial institutions | 441.5 | 206.5 | 441.5 | 206.5 |
| | 7,761.1 | 4,731.3 | 7,761.1 | 4,731.3 |

Included above are the following amounts with related parties:

| | Group | | Company | |
|--|-------------|-------------|-------------|-------------|
| | 2025 \$m | 2024 \$m | 2025 \$m | 2024 \$m |
| Balances with ultimate holding company (ICBC) and subsidiaries and branches | 4,092.9 | 2,295.3 | 4,092.9 | 2,295.3 |
| Balances with shareholder with significant influence (SBG) and subsidiaries and branches | 412.7 | 337.8 | 412.7 | 337.8 |
| | 4,505.6 | 2,633.1 | 4,505.6 | 2,633.1 |

18. REPURCHASE AGREEMENTS

| | Group | | Company | |
|--|-------------|-------------|-------------|-------------|
| | 2025 \$m | 2024 \$m | 2025 \$m | 2024 \$m |
| Measured at amortised cost: | | | | |
| Banks and other financial institutions | 979.8 | 963.0 | 979.8 | 963.0 |
| Measured at FVTPL: | | | | |
| Banks and other financial institutions | 99.3 | 117.4 | 99.3 | 117.4 |
| | 1,079.1 | 1,080.4 | 1,079.1 | 1,080.4 |

Included above are the following amounts with related parties:

| | Group | | Company | |
|--|-------------|-------------|-------------|-------------|
| | 2025 \$m | 2024 \$m | 2025 \$m | 2024 \$m |
| Balances with ultimate holding company (ICBC) and subsidiaries and branches | - | 20.3 | - | 20.3 |
| Balances with shareholder with significant influence (SBG) and subsidiaries and branches | 543.6 | 623.2 | 543.6 | 623.2 |
| | 543.6 | 643.5 | 543.6 | 643.5 |

19. DUE TO CUSTOMERS

| | Group | | Company | |
|---------------|----------------|-------------|----------------|-------------|
| | 2025 \$m | 2024 \$m | 2025 \$m | 2024 \$m |
| Call deposits | 1,684.6 | 507.1 | 1,684.6 | 507.1 |
| Term deposits | 702.2 | 923.9 | 702.2 | 923.9 |
| | 2,386.8 | 1,431.0 | 2,386.8 | 1,431.0 |

20. SUBORDINATED DEBT

| | Group | | Company | |
|---|--------------|-------------|--------------|-------------|
| | 2025 \$m | 2024 \$m | 2025 \$m | 2024 \$m |
| Subordinated fixed rate notes 2032 ¹ | 148.6 | 145.3 | 148.6 | 145.3 |
| Subordinated fixed rate notes 2034 ² | 100.0 | 100.0 | 100.0 | 100.0 |
| Accrued interest | 3.3 | 3.3 | 3.3 | 3.3 |
| | 251.9 | 248.6 | 251.9 | 248.6 |

Included above are the following amounts with related parties:

| | Group | | Company | |
|---|--------------|-------------|--------------|-------------|
| | 2025 \$m | 2024 \$m | 2025 \$m | 2024 \$m |
| Balances with ultimate holding company (ICBC) and subsidiaries and branches | 251.9 | 248.6 | 251.9 | 248.6 |

1. Subordinated bonds with a principal amount of \$150.0 million and an initial fixed interest rate of 4.961% per annum for the first five years were issued in April 2022. These bonds mature on 27 April 2032. To manage interest rate volatility, the Group entered into a fair value hedge. Refer to note 7.4.2.
2. Subordinated bonds with a principal amount of \$100.0 million and an initial fixed interest rate of 5.543% per annum for the first five years were issued in August 2024. These bonds mature on 23 August 2034. To manage interest rate volatility, the Group purchased \$100.0 million of a US Treasury issuance due 15 August 2029. Hedge accounting is not applied.

Claims in respect of the loan capital are subordinated to the claims of other creditors. The Group has not defaulted on principal or interest, or incurred any other breaches with respect to its subordinated liabilities.

21. OTHER LIABILITIES

| | Group | | Company | |
|-----------------------------|----------------|-------------|----------------|-------------|
| | 2025 \$m | 2024 \$m | 2025 \$m | 2024 \$m |
| Precious metals payables | 7,250.4 | 4,748.6 | 7,250.4 | 4,748.6 |
| Unsettled dealing balances | 68.7 | 58.2 | 68.5 | 58.0 |
| Long-term incentive schemes | 55.4 | 42.3 | 52.0 | 39.6 |
| Leasehold liabilities | 71.8 | 73.3 | 64.6 | 66.0 |
| Other | 153.0 | 134.0 | 149.1 | 131.0 |
| | 7,599.3 | 5,056.4 | 7,584.6 | 5,043.2 |

Included above are the following amounts with related parties:

| | Group | | Company | |
|--|----------------|-------------|----------------|-------------|
| | 2025 \$m | 2024 \$m | 2025 \$m | 2024 \$m |
| Balances with ultimate holding company (ICBC) and subsidiaries and branches | 3,183.4 | 3,098.8 | 3,183.4 | 3,098.8 |
| Balances with shareholder with significant influence (SBG) and subsidiaries and branches | 0.4 | 5.4 | 0.4 | 5.4 |
| | 3,183.8 | 3,104.2 | 3,183.8 | 3,104.2 |

22. LEASES

The Group's leases principally relate to properties occupied by Group companies as office space in the various locations in which it operates. For certain properties, the Group sub-leases some space to other companies within its shareholders' groups. These are all classified as operating leases.

Right of use assets and lease liabilities recognised for leases for which the Group is lessee are presented in property and equipment (see note 11) and other liabilities (see note 21) respectively. The amounts recognised in profit or loss in respect of these leases is shown in the table below and the total cash outflow recognised in the statement of cash flows was \$10.9 million (2024: \$12.7 million), comprising \$9.4 million (2024: \$8.5 million) principal repayments recognised as cash flows from financing activities and \$1.5 million (2024: \$4.2 million) interest expense recognised as cash flows from operating activities.

| | 2025 \$m | 2024 \$m |
|--|-------------|-------------|
| Depreciation charge of right of use assets (note 30.6) | 9.0 | 10.4 |
| Interest expense on lease liabilities (note 30.2) | 1.5 | 4.2 |
| Income from sub-leasing right of use assets | (1.0) | (3.0) |

The table below shows the maturity profile of the Group's leasehold liabilities based on contractual undiscounted payments:

| | 2025 \$m | 2024 \$m |
|----------------------------|-------------|-------------|
| Less than one year | 8.7 | 7.8 |
| Between one and five years | 49.1 | 47.4 |
| More than five years | 32.7 | 43.1 |
| | 90.5 | 98.3 |

The undiscounted lease payments to be received for the Group's sub-leases are as follows:

| | 2025 \$m | 2024 \$m |
|----------------------|-------------|-------------|
| Less than one year | 0.9 | 0.7 |
| One to two years | 1.5 | 0.9 |
| Two to three years | 1.5 | 1.5 |
| Three to four years | 1.3 | 1.5 |
| Four to five years | 0.7 | 1.3 |
| More than five years | 5.0 | 5.7 |
| | 10.9 | 11.6 |

On 24 November 2023, the Company entered in to a reversionary lease with the head lessor for its London office premises for a term of 10-years, which commenced on 30 September 2024, immediately following expiry of its existing lease on the same office premises. The new lease is treated as a modification of the existing lease and was recognised on the effective date of the modification, being the date the reversionary lease was agreed, with the lease liability accordingly being remeasured. A corresponding adjustment was made to the right of use asset, which was also adjusted for any lease incentives received and initial direct costs incurred by the Company.

On the same date, the Company entered into a reversionary lease to sub-let part of the office space in its London office premises to an existing tenant. This new sub-lease also took effect from 30 September 2024, on expiry of the existing sub-lease for the same office space, and is for a term of 10-years. The new sub-lease is also treated as a lease modification and is accordingly recognised from the effective date of the modification, being 24 November 2023, with any prepaid or accrued lease payments relating to the original lease being considered as part of the lease payments for the new lease.

22. LEASES (CONTINUED)

On 9 November 2023, ICBC Standard Resources (America) Inc. entered into a new lease for replacement office space in New York. The new lease commenced in the third quarter of 2024 and is for a term of 11 years.

On 17 May 2024, ICBC Standard Bank Plc Singapore Branch entered into a lease modification for its office premises. The lease was extended for a term of three years until 15 June 2027.

23. ESTIMATION OF FAIR VALUES

23.1 FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The process of marking to market seeks to value a financial instrument at its fair value. The best indicator of fair value is an independently published price quoted in an active market. If the instrument is not traded in an active market, its fair value is determined using valuation techniques consistent with other market participants to price similar financial instruments.

Where valuation techniques are used to determine fair values, they are validated and periodically independently reviewed by qualified senior personnel. All models are approved before they are used, and models are calibrated and back-tested to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Such assumptions include risk premiums, liquidity discount rates, credit spreads, market volatilities and product correlations.

In order to arrive at fair value, valuation adjustments are made where appropriate to incorporate liquidity risk, model risk, parameter uncertainty and credit risk. As a practical expedient, instruments are sometimes priced at mid-market. This includes situations where instruments that comprise a combination of risks (e.g. corporate bonds which include interest rate and credit risk) are hedged against some of the risks, leaving the other risks unhedged. In that case, a bid/offer adjustment is applied to the net open risk position as appropriate.

The valuation methodologies used are objective and deterministic, i.e. given the same market conditions and holding assumptions, the marking process should produce identical results. However, valuing any instrument or portfolio involves a degree of judgement and can never be completely defined in mechanistic terms.

There may not be one perfect mark for any position, but rather ranges of possible values. At any point in time, the mark-to-market value of a financial instrument must be based on the effective deal tenor or term of the underlying risk.

23. ESTIMATION OF FAIR VALUES (CONTINUED)

23.2 FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT AMORTISED COST

The fair value of financial instruments not carried at fair value incorporates the Group's estimate of the amount at which it would be able to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. It does not reflect the costs/benefits that the Group expects to measure on the flows generated over the expected life of the instrument. Other reporting entities may use different valuation methodologies and assumptions in determining fair values for which no observable market prices are available.

The fair values stated at a point in time may differ significantly from the amounts which will actually be paid on the maturity date or settlement dates of the instruments. In many cases, it will not be possible to realise immediately the estimated fair values.

The following methods and significant assumptions have been applied in determining the fair values of financial instruments not carried at fair value.

- The fair value of demand deposits with no specific maturity is assumed to be the amount payable at the end of the reporting period.
- The fair value of variable and fixed rate financial instruments carried at amortised cost is estimated by comparing interest rates when the loans were granted with current market interest rates and credit spreads on similar loans.
- For impaired loans, fair value is estimated using valuation models, such as discounting the future cash flows over the time period they are expected to be recovered, which includes consideration of collateral and expected lifetime credit losses.
- For secured loans and deposits arising from sale and repurchase agreements and for bond transactions that are due to settle on a date beyond market convention (i.e. forward settlement), the Group receives collateral in the form of cash or securities. This is valued using established valuation techniques and variation margin is called or paid. Carrying amounts therefore closely reflect fair values.

23. ESTIMATION OF FAIR VALUES (CONTINUED)

23.3 CREDIT, DEBIT AND FUNDING VALUATION ADJUSTMENTS

The methodology for estimating CVA and DVA at 31 December 2025 was consistent with that used at 31 December 2024, with inputs updated where required. Credit and debit valuation adjustments are taken against derivative exposures in order to reflect the potential impact of counterparty performance with regards to these contracts.

The exposure upon which a provision is calculated is not the current replacement value in the balance sheet but rather an expectation of future exposures. The typical calculation of a future exposure on a trade is based on a simulation of expected positive and negative exposures performed to standard market methodologies.

For most products, the Group uses a simulation methodology to calculate the expected positive exposure to a counterparty. This incorporates a range of potential exposures across the portfolio of transactions with the counterparty over the life of the portfolio. The simulation methodology includes credit mitigants such as counterparty netting agreements and collateral agreements with the counterparty.

Where material, adjustments are made to account for 'wrong-way risk'. Wrong-way risk arises when the underlying value of the derivative prior to any CVA is positively correlated to the probability of default by the counterparty. When there is deemed to be significant wrong-way risk, a counterparty-specific approach is applied (including adjustments for 'gap risk' where deemed necessary).

Own credit adjustments on derivative instruments and credit-linked notes are based on the expectation of future exposures that counterparties will have to the Group.

For derivative trades, CVA is calculated by applying the probability of default of the counterparty conditional on the non-default of the Group to the expected positive exposure to the counterparty and multiplying the result by the loss given default. Conversely, DVA is calculated by applying the PD of the Group, conditional on the non-default of the counterparty, to the expected exposure that the counterparty has to the Group and multiplying by the LGD. Both calculations are performed over the life of the potential exposure. The Group takes provisions against DVA for trades where DVA calculated by the Group is not reflective of an exit price (typically for non-bank and non-collateralised counterparties). The PD of the Group has been estimated based on the market view of ICBC's credit risk, as the Group's credit risk is not directly observable.

In order to reflect the funding costs and benefits related to uncollateralised flows on derivative exposures, a funding valuation adjustment is also applied. The FVA is calculated using similar methodology as for CVA and DVA. However, valuations are adjusted for effects related to the expected funding of the flows rather than the performance of the parties.

A summary of the Group's valuation adjustments at year end is provided below:

| Type of Adjustment | 2025 \$m | 2024 \$m |
|------------------------------------|-------------|-------------|
| Credit valuation adjustment | 5.7 | 6.4 |
| Debit valuation adjustment | (1.9) | (2.3) |
| Funding valuation adjustment | (1.0) | (1.6) |
| Total valuation adjustments | 2.8 | 2.5 |
| Day-1 profit or loss reserves | 5.7 | 5.5 |
| Total | 8.5 | 8.0 |

Brackets represents an asset and credit to the income statement.

There are no material differences between Group and Company.

23. ESTIMATION OF FAIR VALUES (CONTINUED)

23.3 CREDIT, DEBIT AND FUNDING VALUATION ADJUSTMENTS (CONTINUED)

A summary of the movement in the Group's day-1 profit or loss reserves in the year is provided below:

| | 2025 \$m | 2024 \$m |
|-----------------------------------|-------------|-------------|
| Balance at beginning of the year | 5.5 | 36.7 |
| Additions during the year | 22.0 | 11.6 |
| Releases during the year | (21.8) | (42.8) |
| Balance at end of the year | 5.7 | 5.5 |

There are no material differences between Group and Company.

Day-1 profit or loss reserves arise when the fair value estimated by a valuation model is based on one or more significant unobservable inputs. The accounting for day-1 profits or losses is set out in accounting policy 5. The day-1 profit or loss reserve represents the amount that has yet to be recognised in income that relates to the difference between the fair value at initial recognition (the transaction price) and the amount that has arisen due to the valuation models containing unobservable inputs on initial recognition, less amounts subsequently recognised.

24. CLASSIFICATION OF ASSETS AND LIABILITIES

The tables that follow analyse assets and liabilities carried at the end of the reporting period by measurement basis. Fair values are determined for each balance sheet line item and classified into three levels depending on their valuation basis. The different levels are based on the extent to which quoted prices are used in the calculation of the fair value and the levels have been defined as follows:

Level 1 – quoted market price: assets or liabilities with quoted prices for identical assets or liabilities in active markets that the Group can access at the measurement date.

Level 2 – valuation technique using observable inputs: assets or liabilities with quoted prices for similar assets or liabilities in active markets or quoted prices for identical or similar assets or liabilities in inactive markets and assets or liabilities valued using models where all significant inputs are observable.

Level 3 – valuation technique with significant unobservable inputs: assets or liabilities valued using valuation techniques where one or more significant inputs are unobservable.

All fair valued instruments are subjected to the independent price verification process. Level 3 items are identified where the asset or liability contains a significant exposure to a parameter that is not directly observable in the market, e.g. credit spreads, discounts rates, etc. Level 3 classification does not infer lack of comfort with the modelled price, but rather that a significant exposure within the pricing cannot be directly tested to an observable exit price, or where the observation is indicative and not testable in an active market. Classification is always determined at an instrument and not portfolio level. Transfers between levels of the fair value hierarchy are deemed to occur at the end of the reporting period.

24. CLASSIFICATION OF ASSETS AND LIABILITIES (CONTINUED)

The tables below set out the classification of assets and liabilities, and their fair values.

| Group ⁵ | Notes | At fair value through profit or loss ¹ | Other mandatorily held at or designated at fair value through profit or loss | At fair value through comprehensive income | Held at amortised cost | Other non-financial instruments | Total carrying value | Level 1 | Level 2 | Level 3 | Other ² | Total fair value |
|--|-------|---|--|--|------------------------|---------------------------------|----------------------|-----------------|-----------------|----------------|--------------------|------------------|
| | | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
| 31 December 2025 | | | | | | | | | | | | |
| Financial assets measured at fair value | | | | | | | | | | | | |
| Financial assets held for trading | 5 | 1,413.4 | - | - | - | - | 1,413.4 | 1,88.9 | 1,046.8 | 177.7 | - | 1,413.4 |
| Non-trading financial assets at fair value through profit or loss ⁴ | 6 | - | 1,017.6 | - | - | - | 1,017.6 | - | 1,013.3 | 4.3 | - | 1,017.6 |
| Derivative financial assets | 7 | 8,686.4 | - | - | - | - | 8,686.4 | 1,444.6 | 7,535.1 | 6.7 | - | 8,686.4 |
| Reverse repurchase agreements | 8 | - | 2,543.2 | - | - | - | 2,543.2 | - | 2,471.7 | 71.5 | - | 2,543.2 |
| Financial investments | 10 | - | 1,668.2 | 350.8 | - | - | 2,019.0 | 2,019.0 | - | - | - | 2,019.0 |
| | | 10,099.8 | 5,229.0 | 350.8 | - | - | 15,679.6 | 3,352.5 | 12,066.9 | 260.2 | - | 15,679.6 |
| Financial assets carried at amortised cost³ | | | | | | | | | | | | |
| Cash and balances with central banks | 3 | - | - | - | 764.5 | - | 764.5 | - | - | - | 764.5 | 764.5 |
| Due from banks and other financial institutions | 4 | - | - | - | 5,438.2 | - | 5,438.2 | - | 1,987.1 | 3,314.8 | 138.1 | 5,440.0 |
| Reverse repurchase agreements | 8 | - | - | - | 2,444.1 | - | 2,444.1 | - | 2,445.1 | - | - | 2,445.1 |
| Loans and advances to customers | 9 | - | - | - | 1,828.0 | - | 1,828.0 | - | - | 1,825.7 | - | 1,825.7 |
| Financial investments | 10 | - | - | - | 1,702.7 | - | 1,702.7 | 1,724.7 | - | - | - | 1,724.7 |
| Other financial assets | | - | - | - | 1.5 | - | 1.5 | - | - | 1.5 | - | 1.5 |
| | | 9,586.0 | - | - | 12,179.0 | - | 12,179.0 | 1,724.7 | 4,432.2 | 5,142.0 | 902.6 | 12,201.5 |
| Other non-financial assets | | 19,685.8 | 5,229.0 | 350.8 | 12,179.0 | 356.1 | 37,800.7 | 12,415.8 | 18,746.5 | 5,402.2 | 1,258.7 | 37,823.2 |
| Financial liabilities measured at fair value | | | | | | | | | | | | |
| Financial liabilities held for trading | 15 | 1,876.9 | - | - | - | - | 1,876.9 | 1.1 | 1,666.8 | 209.0 | - | 1,876.9 |
| Non-trading financial liabilities at fair value through profit or loss | 16 | - | 7,342.6 | - | - | - | 7,342.6 | - | 7,342.6 | - | - | 7,342.6 |
| Derivative financial liabilities | 7 | 7,368.4 | - | - | - | - | 7,368.4 | 582.2 | 6,767.2 | 19.0 | - | 7,368.4 |
| Repurchase agreements | 18 | - | 99.3 | - | - | - | 99.3 | - | 99.3 | - | - | 99.3 |
| | | 9,245.3 | 7,441.9 | - | - | - | 16,687.2 | 583.3 | 15,875.9 | 228.0 | - | 16,687.2 |
| Financial liabilities carried at amortised cost³ | | | | | | | | | | | | |
| Due to banks and other financial institutions | 17 | - | - | - | 7,761.1 | - | 7,761.1 | - | 2,039.7 | 5,741.5 | - | 7,781.2 |
| Repurchase agreements | 18 | - | - | - | 979.8 | - | 979.8 | - | 979.7 | - | - | 979.7 |
| Due to customers | 19 | - | - | - | 2,386.8 | - | 2,386.8 | - | - | 2,386.9 | - | 2,386.9 |
| Subordinated debt | 20 | - | - | - | 251.9 | - | 251.9 | - | - | 256.0 | - | 256.0 |
| | | 7,250.4 | 7,441.9 | - | 11,379.6 | - | 11,379.6 | - | 3,019.4 | 8,384.4 | - | 11,403.8 |
| Other non-financial liabilities | 21 | 16,495.7 | - | - | 11,379.6 | 352.1 | 35,669.3 | 583.3 | 26,145.7 | 8,612.4 | 352.1 | 35,693.5 |
| Total liabilities | | | | | | | | | | | | |

There were no significant transfers between level 1 and level 2 in the current or prior year.

1. Includes derivative assets and liabilities held for hedging. Refer to note 7.4.

2. Represents cash and cash equivalents and other non-financial assets and liabilities held at amortised cost.

3. The fair value of financial instruments carried on the balance sheet at amortised cost is generally estimated by discounting the expected cash flows at a market discount rate adjusted for the credit spread of the obligor or, where not observable, the credit spread of borrowers of similar credit quality. In most cases, fair value approximates carrying value as instruments are short term, have interest rates that reprice frequently and/or are fully or substantially collateralised.

4. Included within non-trading financial assets measured at fair value through profit or loss are \$613.8 million of assets mandatorily measured at fair value and \$403.8 million of assets designated at fair value in accordance with IFRS 9.

5. Amounts due from banks and other financial institutions for the Group are \$72.7 million higher than for the Company. Fair value approximates carrying value for both Group and Company. There are no other material differences between Group and Company.

25. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

25.1 VALUATION TECHNIQUES USED IN DETERMINING THE FAIR VALUE OF LEVEL 2 AND LEVEL 3 INSTRUMENTS

The following table sets out the Group's principal valuation techniques used in determining the fair value of financial assets and financial liabilities classified within levels 2 and 3.

| | Valuation basis | Main assumptions | Level 2 | | Level 3 | |
|---|---------------------|---|------------------|-------------|----------------|-------------|
| | | | 2025 \$m | 2024 \$m | 2025 \$m | 2024 \$m |
| Net derivative instruments | DCF | Interest rate curve, credit curve, recovery level, bond price, gap risk, exit cost, FX rate, FX volatility, commodity price | 763.4 | (334.2) | (12.8) | (11.5) |
| | Black Scholes model | Equity volatility, FX volatility, interest rate curve, credit curve, commodity price | 4.5 | 11.3 | 0.5 | - |
| | | | 767.9 | (322.9) | (12.3) | (11.5) |
| Financial assets held for trading | DCF | Bond price, recovery level, interest rate curve, credit curve, correlation | 1,046.8 | 943.1 | 177.7 | 217.0 |
| Non-trading financial assets at fair value through profit or loss | DCF | Bond price, recovery level, interest rate curve, credit curve | 1,013.3 | 675.2 | 0.5 | 10.5 |
| | Other | Share price, net asset value | - | - | 3.8 | 3.3 |
| | | | 1,013.3 | 675.2 | 4.3 | 13.8 |
| Reverse repurchase agreements | DCF | Interest rate curve, bond price | 2,471.7 | 2,745.5 | 71.5 | - |
| Financial liabilities held for trading | DCF | Bond price, interest rate curve, credit curve, correlation | (1,666.8) | (599.4) | (209.0) | (318.1) |
| Non-trading financial liabilities at fair value through profit or loss | DCF | Interest rate curve, credit curve | (7,342.6) | (6,975.3) | - | - |
| Repurchase agreements | DCF | Interest rate curve, bond price | (99.3) | (117.4) | - | - |
| | | | (3,809.0) | (3,651.2) | 32.2 | (98.8) |

25.2 RECONCILIATION OF LEVEL 3 FINANCIAL INSTRUMENTS

| | Net derivative instruments \$m | Financial assets held for trading \$m | Non-trading financial assets at fair value through profit or loss \$m | Reverse repurchase agreements \$m | Financial liabilities held for trading \$m | Total \$m |
|--|-----------------------------------|--|--|--------------------------------------|---|--------------|
| 2025 Group¹ | | | | | | |
| Balance at beginning of the year | (11.5) | 217.0 | 13.8 | - | (318.1) | (98.8) |
| Total gains / (losses) included in net trading revenue | (8.4) | (56.7) | 1.0 | 9.9 | 35.0 | (19.2) |
| Realised | 5.5 | (7.8) | 10.5 | 6.3 | (18.7) | (4.2) |
| Unrealised | (13.9) | (48.9) | (9.5) | 3.6 | 53.7 | (15.0) |
| Purchases | 1.3 | 111.1 | - | 38.0 | (68.3) | 82.1 |
| Sales | (6.1) | (86.9) | (10.5) | (6.3) | 106.9 | (2.9) |
| Transfers into level 3 ² | (2.0) | - | - | 29.9 | - | 27.9 |
| Transfers out of level 3 ³ | 14.4 | (6.8) | - | - | 35.5 | 43.1 |
| Balance at end of the year | (12.3) | 177.7 | 4.3 | 71.5 | (209.0) | 32.2 |

25. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (CONTINUED)

25.2 RECONCILIATION OF LEVEL 3 FINANCIAL INSTRUMENTS (CONTINUED)

| 2024 Group ¹ | Net derivative instruments | Financial assets held for trading | Non-trading financial assets at fair value through profit or loss | Financial liabilities held for trading | Total |
|--|-------------------------------|---|--|--|---------|
| | \$m | \$m | \$m | \$m | \$m |
| Balance at beginning of the year | (94.6) | 189.8 | 19.9 | (258.6) | (143.5) |
| Total gains / (losses) included in net trading revenue | (6.9) | 19.0 | 0.2 | (23.5) | (11.2) |
| Realised | (20.5) | 16.7 | 6.3 | (11.2) | (8.7) |
| Unrealised | 13.6 | 2.3 | (6.1) | (12.3) | (2.5) |
| Purchases | 71.4 | 40.6 | - | (104.2) | 7.8 |
| Sales | 21.5 | (32.7) | (6.3) | 68.2 | 50.7 |
| Transfers into level 3 ² | (2.0) | - | - | - | (2.0) |
| Transfers out of level 3 ³ | (0.9) | 0.3 | - | - | (0.6) |
| Balance at end of the year | (11.5) | 217.0 | 13.8 | (318.1) | (98.8) |

1. There are no material differences between Group and Company.

2. The inputs of certain valuation models became unobservable and consequently the fair values were transferred into level 3.

3. The inputs of certain valuation models became observable and consequently the fair values were transferred out of level 3.

25.3 SENSITIVITY OF LEVEL 3 FINANCIAL ASSETS AND LIABILITIES AND RANGE OF INPUTS

The table below lists key unobservable inputs to level 3 financial instruments and provides the range of those inputs at 31 December:

| Group ¹ | Main assumptions | Range of estimates for unobservable input | |
|---|---|---|-----------------------|
| | | 2025 | 2024 |
| Net derivative instruments | Interest rate curve, credit curve, gap risk, FX rate, FX volatility | Less than 1% to 18.1% | Less than 1% to 38.9% |
| Financial assets held for trading | Bond price, recovery level | 0 to 103.0 | 0 to 105.3 |
| | Interest rate curve | 5.9% to 17.8% | 8.4% to 17.4% |
| Non-trading financial assets at fair value through profit or loss | Bond price, recovery level | 0 to 1.2 | 0 to 3.5 |
| | Credit curve | Less than 1% | Less than 1% |
| | Share price, net asset value | 10% | 10% |
| Reverse repurchase agreements | Bond price | 93.8 to 102.5 | N/A |
| Financial liabilities held for trading | Bond price | 25 to 103.0 | 90.2 to 103.8 |
| | Interest rate curve, credit curve, correlation | Less than 1% to 17.3% | Less than 1% to 10.6% |
| | Net asset value | 10% | 10% |

1. There are no material differences between Group and Company.

The fair value of level 3 financial instruments is determined using valuation techniques which incorporate assumptions based on unobservable inputs and are subject to management's judgement. Although the Group believes that its estimates of fair values are appropriate, changing one or more of these assumptions to reasonably possible alternative values could impact the fair value of the financial instruments. The table below indicates the effect that a change of unobservable inputs to reasonably possible alternatives (1% up or down) would have on profit or loss at the reporting date. Level 3 instruments contain sensitivities to both observable and unobservable parameters. The table below measures the sensitivity to unobservable parameters only. These positions are risk managed using various instruments of which the associated gains or losses are not reflected in the table below.

25. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (CONTINUED)

25.3 SENSITIVITY OF LEVEL 3 FINANCIAL ASSETS AND LIABILITIES AND RANGE OF INPUTS (CONTINUED)

| Group ¹ | Main assumptions | Effect recorded in profit or loss | | | |
|---|---|-----------------------------------|------------------|-------------------|------------------|
| | | 2025 | | 2024 | |
| | | Favourable \$m | (Adverse) \$m | Favourable \$m | (Adverse) \$m |
| Net derivative instruments | Interest rate curve, credit curve, gap risk, FX rate, FX volatility | 0.1 | (0.1) | 1.3 | (1.3) |
| Financial assets held for trading | Bond price, recovery level, interest rate curve | 14.4 | (14.4) | 19.3 | (19.3) |
| Non-trading financial assets at fair value through profit or loss | Bond price, recovery level, credit curve, share price, net asset value | 0.4 | (0.4) | 0.4 | (0.4) |
| Reverse repurchase agreements | Bond price | 7.2 | (7.2) | - | - |
| Financial liabilities held for trading | Interest rate curve, credit curve, correlation, bond price, net asset value | 15.4 | (15.4) | 26.1 | (26.1) |

1. There are no material differences between Group and Company.

26. OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and liabilities are offset and the net amount reported in the balance sheet when the Group currently has a legally enforceable right to set-off the recognised amounts and there is an intention to settle the asset and the liability on a net basis, or to realise the asset and settle the liability simultaneously. Certain derivative assets and liabilities met these criteria and \$14,267.9 million (2024: \$8,014.1 million) and \$14,558.0 million (2024: \$7,689.3 million), respectively, were offset in the current year.

The Group also receives and places collateral in the form of cash and marketable securities in respect of derivative transactions, sale and repurchase agreements, and reverse sale and repurchase agreements. This collateral is subject to standard industry terms such as the ISDA credit support annex and other similar agreements. This means that securities received or given as collateral can be pledged or sold during the term of the transaction but must be returned on maturity of the transaction. The terms also give each counterparty the right to terminate the related transactions upon the counterparty's failure to post collateral. In certain circumstances, for example when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions.

The disclosure set out in the tables below reflects financial assets and liabilities that have been offset in the balance sheet in accordance with IAS 32 *Financial Instruments: Presentation*, as well as financial instruments that are subject to enforceable master netting arrangements or similar agreements, irrespective of whether they have been offset in the balance sheet.

26. OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

| Financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements | Gross | Amounts offset in the balance sheet ¹ | Net amounts included in the balance sheet | Amounts that could be offset in the event of counterparty default ² | | Net amount |
|--|----------|--|---|--|------------------------------------|------------|
| | | | | Financial instruments including non-cash collateral received / pledged | Cash collateral received / pledged | |
| 2025 | \$m | \$m | \$m | \$m | \$m | \$m |
| Assets in scope | | | | | | |
| Derivative financial assets | 22,954.3 | (14,267.9) | 8,686.4 | (5,334.4) | (2,521.7) | 830.3 |
| Reverse repurchase agreements | 4,987.3 | - | 4,987.3 | (4,987.3) | - | - |
| Total financial assets in scope | 27,941.6 | (14,267.9) | 13,673.7 | (10,321.7) | (2,521.7) | 830.3 |
| Liabilities in scope | | | | | | |
| Derivative financial liabilities | 21,926.4 | (14,558.0) | 7,368.4 | (5,334.4) | (959.3) | 1,074.7 |
| Repurchase agreements | 1,079.1 | - | 1,079.1 | (1,079.1) | - | - |
| Total financial liabilities in scope | 23,005.5 | (14,558.0) | 8,447.5 | (6,413.5) | (959.3) | 1,074.7 |

| Financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements | Gross | Amounts offset in the balance sheet ¹ | Net amounts included in the balance sheet | Amounts that could be offset in the event of counterparty default ² | | Net amount |
|--|----------|--|---|--|------------------------------------|------------|
| | | | | Financial instruments including non-cash collateral received / pledged | Cash collateral received / pledged | |
| 2024 | \$m | \$m | \$m | \$m | \$m | \$m |
| Assets in scope | | | | | | |
| Derivative financial assets | 11,925.3 | (8,014.1) | 3,911.2 | (2,921.2) | (396.8) | 593.2 |
| Reverse repurchase agreements | 3,526.8 | - | 3,526.8 | (3,526.8) | - | - |
| Total financial assets in scope | 15,452.1 | (8,014.1) | 7,438.0 | (6,448.0) | (396.8) | 593.2 |
| Liabilities in scope | | | | | | |
| Derivative financial liabilities | 11,884.2 | (7,689.3) | 4,194.9 | (2,921.2) | (472.9) | 800.8 |
| Repurchase agreements | 1,080.4 | - | 1,080.4 | (1,080.4) | - | - |
| Total financial liabilities in scope | 12,964.6 | (7,689.3) | 5,275.3 | (4,001.6) | (472.9) | 800.8 |

1. Amounts offset for derivative financial assets additionally includes cash collateral netted of \$347.0 million (2024: \$375.2 million). Amounts offset for derivative financial liabilities additionally includes cash collateral netted of \$637.1 million (2024: \$50.4 million).

2. Represents netting arrangements that can be applied in the event of default, together with collateral held against exposures.

27. ORDINARY SHARE CAPITAL

| | 2025 \$m | 2024 \$m |
|---|-------------|-------------|
| Issued and fully paid | | |
| 1,083,458,378 ordinary shares of \$1 each (2024: 1,083,458,378) | 1,083.5 | 1,083.5 |

28. OTHER EQUITY INSTRUMENTS

The additional tier 1 (AT1) securities (Notes) issued on 27 December 2019 are perpetual, with no fixed redemption date, and were callable by the issuer in its sole and absolute discretion (in whole, but not in part) after five-years or any date thereafter at their par value plus accrued but unpaid interest. The Notes paid interest annually for five-years from issuance date at a fixed rate of 7.617 per cent. and would subsequently have paid interest quarterly in perpetuity at a floating rate of SOFR plus 4.62 per cent. The Notes are subordinate to any existing tier 2 instruments issued by ICBCS and senior to its ordinary shares.

In December 2024, the Notes were amended by a deed of amendment to pay interest at a fixed rate of 7.735 per cent from 27 December 2024 for five-years. Thereafter, the rate of interest for each period from the next reset date, and for the following five-years, shall be equivalent to the interest rate on five-year United States Government securities plus 3.35 per cent. To hedge the interest rate risk on the reset Notes from December 2024, \$160.0 million of a US Treasury issuance due 31 December 2029 was purchased by the Group.

The issuer is prohibited from redeeming the Notes during the period to 27 December 2029 unless there is a change in the regulatory classification or tax treatment. The Notes can be redeemed by the issuer (in whole but not in part) on any date thereafter at their par value plus accrued but unpaid interest.

Interest payments are non-cumulative, payable at the sole and absolute discretion of the issuer and will be mandatorily cancelled to the extent required if there are insufficient distributable reserves to make payment.

The Notes include a write down feature, whereby their full principal amount and all accrued but unpaid interest will be written down to zero if ICBCS's fully loaded common equity tier 1 ratio falls below 7.0 per cent.

The Company paid a coupon on the AT1 securities of \$12.4 million on 29 December 2025 (2024: \$12.2 million).

29. CONTINGENT LIABILITIES AND COMMITMENTS

29.1 CONTINGENT LIABILITIES

Loan commitments that are irrevocable over the life of the facility or revocable only in response to material adverse changes are included in the risk management section in note 37.4.

29.2 PROVISIONS

| | Legal and regulatory matters |
|--------------------------|-------------------------------------|
| | \$m |
| 1 January 2025 | 8.6 |
| Arising during the year | 0.5 |
| Utilised during the year | - |
| 31 December 2025 | 9.1 |

Further details of the provisions relating to legal and regulatory matters are provided in note 29.3 below.

29. CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

29.3 LEGAL AND REGULATORY MATTERS

From time to time, the Group is the subject of litigation, regulatory reviews and requests for information by various governmental and regulatory bodies arising from its business operations. As set out in Note 2.2, provisions for legal and regulatory matters typically require a high degree of judgement and there can be a wide range of possible outcomes and uncertainties often making it impracticable to estimate the amount of any outflows that may arise.

Notwithstanding the above, the Bank recognised provisions of \$0.5 million in 2025, primarily in relation to the estimated legal costs of defending certain claims as they progress through the courts or other stages of the litigation process, bringing the total provision in respect of such matters at 31 December 2025 to \$9.1 million. The allocation of this provision to individual matters has not been disclosed as doing so would be seriously prejudicial to the Bank's position.

The most significant legal matters currently involving the Group are summarised below:

- In February 2017, the South African Competition Commission filed a referral affidavit with the South African Competition Tribunal alleging collusive behaviour in the trading of foreign currency pairs involving the Rand between 2007 and 2013. The allegations are made against over twenty institutions, including ICBCS's US subsidiaries. In January 2024, the South African Competition Appeals Court upheld appeals dismissing the Bank's US subsidiaries from the proceedings. The SACC is appealing the decision in respect of Standard Americas Inc (and other banks) but not Standard New York Securities Inc. Following a hearing in August 2025, a decision on the appeal from the South African Constitutional Court is awaited.
- A client of the Bank's legacy business is litigating against the ultimate borrower with respect to repayment of its defaulted debt obligations. ICBCS has also needed to issue protective proceedings against the ultimate borrower to prevent limitations occurring that could prejudice its future ability to enforce the debt. The client concerned has also made certain allegations against the Bank in respect of its administration of the legacy business, although these are strongly denied.

30. SUPPLEMENTARY INCOME STATEMENT INFORMATION

30.1 INTEREST INCOME¹

| Group | 2025 \$m | 2024 \$m |
|--|--------------|-------------|
| Interest on loans and advances | 640.6 | 521.0 |
| Interest on debt securities held at FVOCI | 19.1 | 30.7 |
| Interest on debt securities held at amortised cost | 71.1 | 61.7 |
| | 730.8 | 613.4 |
| Included above are the following amounts with related parties: | | |
| Transactions with ultimate holding company (ICBC) and subsidiaries and branches | 2.7 | 1.7 |
| Transactions with shareholder with significant influence (SBG) and subsidiaries and branches | 2.2 | 2.1 |
| | 4.9 | 3.8 |

1. All interest income reported above relates to financial assets not carried at fair value through profit or loss.

30.2 INTEREST EXPENSE¹

| Group | 2025 \$m | 2024 \$m |
|--|--------------|-------------|
| Subordinated debt | 13.0 | 14.9 |
| Other interest-bearing liabilities ² | 469.7 | 434.6 |
| | 482.7 | 449.5 |
| Included above are the following amounts with related parties: | | |
| Transactions with ultimate holding company (ICBC) and subsidiaries and branches | 117.8 | 127.9 |
| Transactions with shareholder with significant influence (SBG) and subsidiaries and branches | 39.2 | 40.5 |
| | 157.0 | 168.4 |

1. All interest expense reported above relates to financial liabilities not carried at fair value through profit or loss, and leasehold liabilities.

2. Interest expense net of charge to net trading revenue as per accounting policy 15.

30.3 NON-INTEREST REVENUE

| | 2025 \$m | 2024 \$m |
|---|---------------|-------------|
| Net fees and commission ¹ | 54.2 | 44.1 |
| Net trading revenue | 351.7 | 257.0 |
| Commodities | 203.4 | 125.5 |
| FIC | 144.9 | 130.9 |
| Other | 3.4 | 0.6 |
| Net gain on non-trading financial assets and liabilities at fair value through profit or loss | 85.8 | 107.1 |
| | 491.7 | 408.2 |
| Included above are the following amounts with related parties: | | |
| Transactions with ultimate holding company (ICBC) and subsidiaries and branches | (101.8) | (47.4) |
| Transactions with shareholder with significant influence (SBG) and subsidiaries and branches | 28.4 | 36.9 |
| | (73.4) | (10.5) |

1. Revenue sharing arrangements on transactions with ICBC companies include receipts of \$6.0 million (2024: \$6.0million), and payments of \$10.8 million (2024: \$9.9m). Revenue sharing arrangements on transactions with SBG companies include receipts of \$10.2 million (2024: \$18.3m). There were no payments to SBG companies in 2025 (2024: \$nil).

30. SUPPLEMENTARY INCOME STATEMENT INFORMATION (CONTINUED)

30.3 NON-INTEREST REVENUE (CONTINUED)

Fee and commission income from contracts with customers in the scope of IFRS 15 is disaggregated by business unit in note 1. Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a service to a customer or when the service is complete, depending on the nature of the contract and the service provided. The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers and the related revenue recognition policies.

| Business unit | Nature and timing of satisfaction of performance obligations | Revenue recognition |
|--------------------|---|--|
| Commodities | The Group provides vaulting and clearing services to clients in its precious metals business. The fees for these services principally comprise storage and transfer fees. | Revenue related to storage services is recognised over time reflecting the provision of the storage service on a continuous basis over the storage term. |
| | Storage fees are set at fixed rates per amount of metal stored. Transfer fees are transaction based. | Revenue related to transfers is recognised at the point in time when the transfer is complete. |
| | The Group leases metals to and from clients in its precious metals business. The fees for these services are based on the value of the metal leased and the agreed lease rate. | Revenue related to metal leases is recognised over time throughout the term of the lease and is paid on termination of the lease. |
| FIC | The Group provides brokerage services for its clients on securities trades. Fees for these services are transaction based. | Revenue related to brokerage services is recognised at the point in time when the transaction is complete. |
| | The Group's DCM business provides various finance related services, including debt underwriting and other advisory services. Fees received for these services are transaction based. | Revenue related to transactions in the Group's DCM business is recognised at the point in time when the transaction is complete. |
| All | The Group provides guarantees to various clients. Fees received for these services are based on the value of the guarantee provided, the creditworthiness of the obligor and the term of the guarantee. | Revenue related to guarantees is recognised over time throughout the term of the guarantee. |

30.4 CREDIT IMPAIRMENT (CHARGES) / RECOVERIES

| | 2025 \$m | 2024 \$m |
|---|---------------|--------------|
| Stage 1: 12-month ECL | (9.6) | (2.7) |
| Reverse repurchase agreements | (2.2) | 0.2 |
| Due from banks and other financial institutions | 0.3 | 1.1 |
| Loans and advances to customers | (7.9) | (1.3) |
| Commitments and financial guarantees given | 0.2 | (2.7) |
| Stage 2: Lifetime ECL – not credit-impaired | (4.0) | - |
| Loans and advances to customers | (4.0) | - |
| Purchased or Originated Credit Impaired (POCI) | (1.4) | - |
| Other assets | (1.4) | - |
| Net credit impairment charges | (15.0) | (2.7) |

30. SUPPLEMENTARY INCOME STATEMENT INFORMATION (CONTINUED)

30.5 STAFF COSTS

| | 2025 \$m | 2024 \$m |
|--|--------------|--------------|
| Salaries and short-term benefits | 209.1 | 194.0 |
| Social security costs | 29.9 | 22.9 |
| Other direct staff costs | 16.9 | 11.6 |
| Long-term incentive schemes ¹ | 12.2 | 9.5 |
| Retirement benefit costs | 11.1 | 10.5 |
| | 279.2 | 248.5 |

1. Includes \$2.0 million in 2025 for adjustment to the deferral period for deferred compensation awards granted in prior years following implementation of the PRA's reforms to the remuneration regime as further detailed in accounting policy note 14.

30.6 OTHER OPERATING EXPENSES

| | 2025 \$m | 2024 \$m |
|---|--------------|--------------|
| Auditors' remuneration | 5.0 | 4.4 |
| Audit of ICBC Standard Bank Plc Company | 4.1 | 3.8 |
| Audit of subsidiaries ¹ | 0.4 | 0.4 |
| Audit related assurance services | 0.5 | 0.2 |
| Depreciation | 12.5 | 14.8 |
| Computer equipment | 2.2 | 2.2 |
| Office equipment | 0.2 | 0.4 |
| Furniture and fittings | 1.1 | 1.8 |
| Right of use lease assets | 9.0 | 10.4 |
| Information technology and communication | 65.6 | 63.2 |
| Infrastructure and IT development costs | 32.7 | 32.7 |
| Consultancy fees | 25.7 | 23.9 |
| Amortisation of intangible assets | 6.5 | 8.7 |
| Technology, communication and market data | 1.8 | 1.5 |
| Other expenses (including R&D tax reclaim) | (1.3) | (1.4) |
| Premises | 8.6 | 3.6 |
| Other expenses | 32.4 | 12.1 |
| | 156.8 | 130.8 |

1. Includes \$0.3 million (2024: \$0.3 million) in respect of fees for audit services to firms other than Deloitte.

30.7 INDIRECT TAXATION

| | 2025 \$m | 2024 \$m |
|-----------------|-------------|-------------|
| Value added tax | 5.8 | 3.9 |
| Bank Levy | 2.1 | 0.5 |
| US Excise duty | – | (1.3) |
| | 7.9 | 3.1 |

30. SUPPLEMENTARY INCOME STATEMENT INFORMATION (CONTINUED)

30.8 DEFERRED COMPENSATION

The provision in respect of liabilities under the Group's deferred compensation scheme amounts to \$56.8 million (quanto stock units \$14.4 million, ICBCS notional shares \$22.5 million, deferred cash \$19.9 million) at 31 December 2025 (2024: \$46.1 million), and the charge for the year is \$19.2 million (quanto stock units \$3.0 million, ICBCS notional shares \$9.3 million, deferred cash \$6.9 million) (2024: \$14.1 million, quanto stock units \$3.4 million, ICBCS notional shares \$3.9 million, deferred cash \$6.8 million). The change in liability relating to the quanto stock units due to changes in the ICBC share price is materially hedged through the use of equity options designated as cash flow hedges (see note 7.4.1).

The provision amount at 31 December 2025 related to fully vested quanto stock unit awards was \$6.7 million (2024: \$2.0 million), ICBCS notional shares was \$8.9 million (2024: \$6.0 million) and deferred cash awards was \$3.2 million (2024: \$nil).

The movement in the number of units and shares for the quanto stock unit plan and deferred performance plan respectively were as follows:

| ICBC quanto stock units | 2025 Units | 2024 Units |
|---|-----------------------|-----------------------|
| Units outstanding at beginning of the year | 3,125,111 | 5,011,825 |
| Granted | - | - |
| Exercised | (1,020,644) | (1,823,231) |
| Leavers / lapses | (22,294) | (63,483) |
| Units outstanding at end of the year | 2,082,173 | 3,125,111 |
| Of which relates to key management | 433,180 | 519,384 |

| ICBCS notional shares | 2025 Shares | 2024 Shares |
|--|------------------------|------------------------|
| Shares outstanding at beginning of the year | 7,206,924 | - |
| Granted | 6,148,688 | 7,206,924 |
| Exercised | (3,531,624) | - |
| Leavers / lapses | - | - |
| Shares outstanding at end of the year | 9,823,988 | 7,206,924 |
| Of which relates to key management | 1,095,292 | 903,172 |

The following ICBC quanto stock units and ICBCS notional shares granted to employees had not been exercised at 31 December:

| ICBC quanto stock units | 2025 Units | 2024 Units |
|--------------------------------|-----------------------|-----------------------|
| Expiry year¹ | | |
| 2024 | - | 380,500 |
| 2025 | - | 949,885 |
| 2026 | 1,719,637 | 865,840 |
| 2027 | 362,536 | 536,460 |
| 2028 | - | 287,817 |
| 2029 | - | 68,647 |
| 2030 | - | 35,962 |
| | 2,082,173 | 3,125,111 |

1. The units vest at various intervals between the reporting date and the expiry date.

30. SUPPLEMENTARY INCOME STATEMENT INFORMATION (CONTINUED)

30.8 DEFERRED COMPENSATION (CONTINUED)

| ICBCS notional shares | | |
|--------------------------|-----------------------------|----------------|
| Expiry year ¹ | 2025 Shares ² | 2024 Shares |
| 2024 | - | 3,531,604 |
| 2025 | - | 704,160 |
| 2026 | 5,772,617 | 704,160 |
| 2027 | 1,656,732 | 798,218 |
| 2028 | 1,656,732 | 798,218 |
| 2029 | 737,907 | 482,448 |
| 2030 | - | 94,058 |
| 2031 | - | 94,058 |
| | 9,823,988 | 7,206,924 |

1. The shares vest at various intervals between the reporting date and the expiry date.

2. Excludes shares awarded on 1 March 2026 for the performance period ended 31 December 2025.

The vesting schedules for the ICBC quanto stock units and ICBCS notional shares granted to employees in prior years, as set out in the tables above, have been adjusted for 2025 to reflect the implementation of the reforms to the remuneration regime for banks, building societies and investment firms, which took effect from 16 October 2025, reducing the deferral period for such awards to up to four years, eliminating the additional retention periods of six to twelve months, and applying pro-rata vesting from time of award, as further detailed in accounting policy note 14.

Deferred awards of \$15.9 million (2024: \$13.3 million) have been approved for issue in March 2026. This is split into ICBCS notional share awards of \$13.3 million (2024: \$5.9 million), and deferred cash awards of \$2.6 million (2024: \$7.4 million). No quanto stock units have been issued since 2023.

The unrecognised compensation cost related to all unvested awards amounts to \$19.3 million (2024: \$20.7 million). This is split into ICBCS notional share awards of \$12.7 million (2024: \$6.8 million), \$0.4 million quanto stock units (2024: \$2.8 million) and \$6.2 million deferred cash awards (2024: \$11.1 million). These represent the accumulated amount deferred on awards issued and approved. The vesting of these awards in the income statement is expected to occur as follows:

| | 2025 ¹ \$m | 2024 \$m |
|------------------------------|--------------------------|-------------|
| Year ending 31 December 2025 | - | 9.6 |
| Year ending 31 December 2026 | 10.1 | 5.8 |
| Year ending 31 December 2027 | 5.6 | 3.1 |
| Year ending 31 December 2028 | 2.6 | 1.4 |
| Year ending 31 December 2029 | 0.9 | 0.5 |
| Year ending 31 December 2030 | 0.1 | 0.1 |
| Year ending 31 December 2031 | - | 0.1 |
| Year ending 31 December 2032 | - | 0.1 |
| | 19.3 | 20.7 |

1. The vesting schedule for 2025 reflects implementation of the PRA's reforms to the remuneration regime for banks, building societies and investment firms, as further detailed in accounting policy note 14

30. SUPPLEMENTARY INCOME STATEMENT INFORMATION (CONTINUED)

30.9 DIRECTORS' EMOLUMENTS

| Directors ^{1,2,3} | 2025 \$m | 2024 \$m |
|---|--------------------|-------------|
| Emoluments of directors in respect of services rendered | | |
| Emoluments ⁴ | 4.0 | 4.2 |
| Proceeds from exercise of share-based incentives | 0.4 | 0.4 |
| Highest paid director | | |
| Emoluments | 1.2 | 1.3 |
| Proceeds from exercise of share-based incentives | 0.2 | 0.2 |

1. Compensation relates to services rendered to the Group. No payments were made on the Group's behalf by entities consolidated into the ultimate holding company (ICBC) and the shareholder with significant influence (SBG) (2024: \$nil).

2. No pension contributions were paid on behalf of directors for 2025 and 2024.

3. The number of directors to whom retirement benefits were accruing under defined contribution plans in respect of qualifying services for 2025 was nil (2024: nil)

4. Directors' emoluments are paid in sterling and totalled £3.4 million for 2025 (2024: £3.5 million).

The movement in the number of units for the quanto stock unit plan and the number of shares for the deferred performance plan granted to directors were as follows:

| Long-term benefits under the ICBC quanto stock unit plan | 2025 Units | 2024 Units |
|---|----------------------|---------------|
| Number of units brought forward | 241,248 | 360,431 |
| Issued during the year | - | - |
| Leavers | (35,884) | (24,258) |
| Exercised | (21,589) | (94,925) |
| As at 31 December | 183,775 | 241,248 |

| Long-term benefits under the ICBCS notional share scheme | 2025 Shares | 2024 Shares |
|---|-----------------------|----------------|
| Number of shares brought forward | 396,671 | - |
| Issued during the year | 194,446 | 452,213 |
| Leavers | (29,128) | (55,542) |
| Exercised | (192,427) | - |
| As at 31 December | 369,562 | 396,671 |

30.10 COMPANY PROFITS

As permitted by section 408 of the Companies Act 2006, the Company's statement of comprehensive income has not been presented. The Company's profit of \$218.8 million (2024: \$155.7 million) has been included in the consolidated income statement.

30.11 DIVIDENDS

On 28 February 2025, the Directors approved a final dividend payment of \$41.8 million on the Company's ordinary shares in respect of the year ended 31 December 2024. This was paid to ordinary shareholders on 25 March 2025 and was accounted for in shareholders' equity as an appropriation of retained earnings in the year ended 31 December 2025.

On 25 February 2026, the Directors approved a final dividend payment of \$61.9 million on the Company's ordinary shares in respect of the year ended 31 December 2025, which will be paid to ordinary shareholders in March 2026. These financial statements do not reflect this dividend payment.

31. INCOME TAX CHARGE

| | 2025 \$m | 2024 \$m |
|--------------------------------|---------------|-------------|
| Current year tax charge | (57.0) | (30.8) |
| UK current tax | (39.3) | (21.1) |
| UK deferred tax | – | 5.1 |
| Overseas withholding tax | (12.2) | (12.5) |
| Overseas current tax | (5.9) | (2.3) |
| Overseas deferred tax | 0.4 | – |
| Prior years | 1.0 | 0.3 |
| UK current tax | 0.9 | 0.3 |
| Overseas current tax | 0.1 | (0.2) |
| Overseas deferred tax | – | 0.2 |
| Total tax charge | (56.0) | (30.5) |

UK tax rate reconciliation

The UK corporation tax rate for the year ended 31 December 2025 was 25.0% (2024: 25.0%). The difference between the actual tax charge and the tax that would result from applying the standard UK corporation tax rate to the Group's profit before tax is explained below.

| | 2025 \$m | 2024 \$m |
|--|---------------|-------------|
| Profit before taxation | 280.9 | 187.0 |
| Tax charge at the standard rate of 25.0% (2024: 25.0%) | (70.2) | (46.8) |
| Effects of: | | |
| Net impact of overseas tax ¹ | (9.3) | (9.4) |
| Banking surcharge | (5.6) | (3.2) |
| Non-deductible expenses | (1.4) | (0.8) |
| Impact of changes in foreign exchange rates | 0.1 | (0.1) |
| Different tax rates in other countries | 0.3 | – |
| Adjustment to tax in respect of prior years | 1.0 | 0.3 |
| Tax relief on payments made under AT1 instruments ² | 3.1 | 3.0 |
| Tax charge included in the income statement before deferred tax items | (82.0) | (57.0) |
| Origination / reversal of temporary differences not recognised | (2.7) | (1.5) |
| Deferred tax asset not previously recognised | 5.4 | 12.4 |
| Utilisation of tax losses for which no deferred tax was recognised | 23.3 | 15.6 |
| Tax charge included in the income statement | (56.0) | (30.5) |
| Effective tax rate (%) based on: | | |
| Tax charge included in the income statement before deferred tax items | 29.2 | 30.5 |
| Tax charge included in the income statement | 19.9 | 16.3 |

1. Mostly relates to interest income received by the Company which is subject to withholding tax imposed in the country of origin. Income that is subject to such tax is recognised gross of the taxes and the corresponding withholding tax is recognised as a tax expense.

2. The company's AT1 coupon payments are tax deductible. In accordance with IAS 12, the income tax consequences of tax deductible distributions, including AT1 coupon payments, are recorded in the income statement tax expense.

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.

In Singapore, the government enacted the Multinational Enterprise (Minimum Tax) Act in November 2024 and published subsidiary legislation in December 2024 to implement the Pillar Two Model Rules in the form of a domestic top-up tax and a multinational enterprise top-up tax for financial years commencing on or after 1 January 2025.

31. INCOME TAX CHARGE (CONTINUED)

The profits relating to ICBC's operations in the UK, US and Singapore 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 Group for these jurisdictions for the year ended 31 December 2025.

The effective tax rate for ICBC's operations in China were less than 15.0 per cent in 2024, hence there could be an allocation of top-up tax to the Group in relation to its subsidiary in China for 2024 and 2025. However, any amount allocated is not expected to be significant to the Group's results.

In accordance with the amendments made to IAS 12 in May 2023 in relation to the Pillar Two Model Rules (see accounting policy 12), the Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

32. NOTES TO THE CASH FLOW STATEMENT

32.1 (INCREASE) / DECREASE IN INCOME-EARNING ASSETS

| | Group | | Company | |
|---|-------------|-------------|-------------|-------------|
| | 2025 \$m | 2024 \$m | 2025 \$m | 2024 \$m |
| Financial assets held for trading | (201.5) | 66.6 | (201.5) | 66.6 |
| Non-trading financial assets at fair value through profit or loss | (328.6) | 2,167.6 | (328.6) | 2,167.6 |
| Loans and advances ¹ | (3,652.5) | (2,594.0) | (3,633.8) | (2,590.9) |
| Other assets | (3,567.1) | (1,297.4) | (3,566.7) | (1,297.8) |
| Financial investments | (544.3) | (1,123.2) | (544.3) | (1,123.2) |
| | (8,294.0) | (2,780.4) | (8,274.9) | (2,777.7) |

1. Consists of Due from banks and other financial institutions, Reverse repurchase agreements and Loans and advances to customers.

32.2 INCREASE / (DECREASE) IN INTEREST BEARING AND NON-INTEREST BEARING LIABILITIES

| | Group | | Company | |
|--|-------------|-------------|-------------|-------------|
| | 2025 \$m | 2024 \$m | 2025 \$m | 2024 \$m |
| Deposits ¹ | 3,980.7 | (1,219.9) | 3,980.7 | (1,219.9) |
| Net derivative instruments | (1,575.3) | (113.8) | (1,575.3) | (113.8) |
| Financial liabilities held for trading | 938.9 | (696.7) | 938.9 | (696.7) |
| Non-trading financial liabilities at fair value through profit or loss | 367.3 | 3,232.3 | 367.3 | 3,232.3 |
| Other liabilities | 2,449.9 | 1,504.8 | 2,454.6 | 1,503.4 |
| | 6,161.5 | 2,706.7 | 6,166.2 | 2,705.3 |

1. Consists of Due to banks and other financial institutions, Repurchase agreements and Due to customers.

32.3 CORPORATION AND WITHHOLDING TAX PAID

| | Group | | Company | |
|---|-------------|-------------|-------------|-------------|
| | 2025 \$m | 2024 \$m | 2025 \$m | 2024 \$m |
| Amounts receivable at beginning of the year | 6.4 | 9.4 | 6.3 | 9.1 |
| Income tax charge | (56.0) | (30.5) | (54.3) | (30.3) |
| Non-cash movements | 3.8 | (2.7) | 4.0 | (2.5) |
| Amounts receivable at end of the year | (7.7) | (6.4) | (8.3) | (6.3) |
| | (53.5) | (30.2) | (52.3) | (30.0) |

32. NOTES TO THE CASH FLOW STATEMENT (CONTINUED)

32.4 CASH AND CASH EQUIVALENTS

| | Group | | Company | |
|---|--------------|----------------|--------------|----------------|
| | 2025 \$m | 2024 \$m | 2025 \$m | 2024 \$m |
| Balances with central banks | 764.5 | 2,674.1 | 764.5 | 2,674.1 |
| Other cash equivalents | 138.1 | 87.9 | 123.5 | 64.5 |
| Cash and cash equivalents at end of the year | 902.6 | 2,762.0 | 888.0 | 2,738.6 |

32.5 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

| Group and Company | Opening balance | Cash flow movements | Non-cash flow movements | Closing balance |
|--------------------------|--------------------|------------------------|-------------------------------|--------------------|
| 2025 | \$m | \$m | \$m | \$m |
| Subordinated debt | 248.6 | - | 3.3 | 251.9 |

| Group and Company | Opening balance | Cash flow movements | Non- cash flow movements | Closing balance |
|-------------------|--------------------|------------------------|--------------------------------|--------------------|
| 2024 | \$m | \$m | \$m | \$m |
| Subordinated debt | 247.6 | - | 1.0 | 248.6 |

33. RELATED PARTY TRANSACTIONS

33.1 SUBSIDIARIES

The subsidiary companies listed in note 14 comprise a limited part of the Group's activities and transactions with these entities are not significant. The principal nature of the transactions are payments for business introduced and trading facilitation activities. Intercompany transactions, balances and unrealised surpluses and deficits are eliminated on consolidation.

33.2 ICBC AND SBG RELATED PARTIES

The Group entered into transactions with other entities forming part of ICBC and SBG. The transactions were entered into in the course of banking operations and were conducted in the ordinary course of business at arm's length, and on substantially the same terms, including interest rates and security, as for comparable transactions with third parties. These transactions include funding and acceptance of interbank deposits, lending, derivative transactions and correspondent banking transactions. The transactions were priced at the prevailing market rates at the time of the transactions. A significant portion of this activity reflects funding and deposits of commodities inventory holdings, as well as the deposit of excess liquidity by other entities within the ICBC and Standard Bank groups. The extent of these activities is presented in notes 15 to 18, 20 and 21. As part of its normal activities, the Group also advanced funds to other entities within the ICBC and Standard Bank groups, the extent of which is disclosed in notes 4 and 8. Balances arising from derivative transactions with ICBC and Standard Bank group companies are shown in note 7.1.

33. RELATED PARTY TRANSACTIONS (CONTINUED)

33.3 KEY MANAGEMENT COMPENSATION

Key management comprises directors of ICBCS and members of the executive committee.

| | 2025 \$m | 2024 \$m |
|---|-------------|-------------|
| Salaries and other short-term benefits | 6.8 | 6.6 |
| Long-term incentives recognised in the income statement | 1.9 | 1.4 |
| Total compensation | 8.7 | 8.0 |
| Proceeds on exercise of long-term incentives | 1.3 | 1.1 |

There were no other transactions with key management in 2025 (2024: none).

The average key management consists of 16 employees (2024: 16 employees).

34. PENSIONS AND OTHER POST-RETIREMENT BENEFITS

The Group makes defined contributions to employees' pension providers. The assets of these providers are held separately from the Group. Included in staff costs are contributions paid for pensions and other post-retirement benefits which amounted to \$11.1 million (2024: \$10.5 million). There were no outstanding contributions at the end of the reporting period (2024: \$nil).

35. SUBSEQUENT EVENTS

On 17 February 2026, the Bank issued subordinated bonds with a principal amount of \$200.0 million and an initial fixed interest rate of 5.191% per annum for the first five years, maturing 17 February 2036. This provides additional tier 2 capital for the Bank further strengthening its capital resource. As detailed in note 30.11, a final dividend payment of \$61.9 million on the Company's ordinary shares was approved by the Directors on 25 February 2026. No other material events have occurred between the balance sheet date and the date the annual financial statements have been approved for issue, which would require disclosure in the Group's financial statements.

36. MATURITY ANALYSIS

The Group assesses the maturity of its assets and liabilities at 31 December each year. This gives an indication of the remaining life of these assets and liabilities at that point in time. The following table illustrates the maturities based on a contractual discounted basis. For the maturity analysis of financial liabilities on a contractual undiscounted basis, refer to the 'Structural Requirements' section, within the Liquidity Risk note (note 37.6).

36. MATURITY ANALYSIS (CONTINUED)

| Group – 31 December 2025 | Repayable on demand | Maturing within 1 month | Maturing after 1 month but within 3 months | Maturing after 3 months but within 6 months | Maturing after 6 months but within 12 months | Maturing after 12 months but within 5 years | Maturing after 5 years | Undated | Total |
|--|------------------------|-------------------------------|--|---|--|---|------------------------------|----------------|-----------------|
| | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
| Assets | | | | | | | | | |
| Cash and balances with central banks | 764.5 | - | - | - | - | - | - | - | 764.5 |
| Due from banks and other financial institutions | 2,474.8 | 48.0 | 75.2 | 96.6 | 2,130.1 | 613.5 | - | - | 5,438.2 |
| Financial assets held for trading | - | 38.6 | 96.2 | 200.4 | 357.6 | 391.6 | 329.0 | - | 1,413.4 |
| Non-trading financial assets at fair value through profit or loss | 190.6 | 363.8 | 80.4 | 106.0 | 102.7 | 170.1 | 0.2 | 3.8 | 1,017.6 |
| Derivative financial assets | 320.0 | 2,468.5 | 2,595.2 | 1,335.1 | 1,112.6 | 817.7 | 37.3 | - | 8,686.4 |
| Reverse repurchase agreements | 1,686.5 | 110.1 | 656.4 | 234.7 | 857.7 | 738.0 | 703.9 | - | 4,987.3 |
| Loans and advances to customers | 411.7 | 3.1 | - | 38.3 | 104.0 | 1,194.2 | 76.7 | - | 1,828.0 |
| Financial investments | - | 86.3 | 366.0 | 65.3 | 187.9 | 2,794.9 | 221.3 | - | 3,721.7 |
| Property and equipment | - | - | - | - | - | - | - | 70.8 | 70.8 |
| Current tax assets | - | - | - | - | - | - | - | 10.9 | 10.9 |
| Deferred tax assets | - | - | - | - | - | - | - | 13.7 | 13.7 |
| Other assets | 141.5 | 81.9 | 0.1 | - | - | 7.2 | 1.4 | 9,616.1 | 9,848.2 |
| Total assets | 5,989.6 | 3,200.3 | 3,869.5 | 2,076.4 | 4,852.6 | 6,727.2 | 1,369.8 | 9,715.3 | 37,800.7 |
| Liabilities | | | | | | | | | |
| Financial liabilities held for trading | 3.5 | 537.3 | 418.9 | 437.2 | 163.2 | 262.6 | 54.2 | - | 1,876.9 |
| Non-trading financial liabilities at fair value through profit or loss | 542.7 | 1,475.3 | 325.4 | 328.6 | 1,056.2 | 3,614.4 | - | - | 7,342.6 |
| Derivative financial liabilities | 237.5 | 2,429.9 | 1,776.0 | 1,350.4 | 779.5 | 724.0 | 71.1 | - | 7,368.4 |
| Due to banks and other financial institutions | 1,911.8 | 1,488.3 | 1,217.2 | 10.0 | 2,135.7 | 998.1 | - | - | 7,761.1 |
| Repurchase agreements | 242.0 | 713.4 | - | - | 92.6 | 31.1 | - | - | 1,079.1 |
| Due to customers | 1,684.6 | 336.7 | 365.5 | - | - | - | - | - | 2,386.8 |
| Current tax liabilities | - | - | - | - | - | - | - | 3.2 | 3.2 |
| Subordinated debt | - | - | - | - | - | - | 251.9 | - | 251.9 |
| Other liabilities | 7,486.3 | 8.6 | - | - | - | - | 0.1 | 104.3 | 7,599.3 |
| Total liabilities | 12,108.4 | 6,989.5 | 4,103.0 | 2,126.2 | 4,227.2 | 5,630.2 | 377.3 | 107.5 | 35,669.3 |

Undated other assets include commodities held at fair value. Other liabilities payable on demand include obligations to return commodity balances placed with the Group.

36. MATURITY ANALYSIS (CONTINUED)

| Company – 31 December 2025 | Repayable on demand | Maturing within 1 month | Maturing after 1 month but within 3 months | Maturing after 3 months but within 6 months | Maturing after 6 months but within 12 months | Maturing after 12 months but within 5 years | Maturing after 5 years | Undated | Total |
|--|---------------------|-------------------------|--|---|--|---|------------------------|----------------|-----------------|
| | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
| Assets | | | | | | | | | |
| Cash and balances with central banks | 764.5 | - | - | - | - | - | - | - | 764.5 |
| Due from banks and other financial institutions | 2,402.1 | 48.0 | 75.2 | 96.6 | 2,130.1 | 613.5 | - | - | 5,365.5 |
| Financial assets held for trading | - | 38.6 | 96.2 | 200.4 | 357.6 | 384.6 | 336.0 | - | 1,413.4 |
| Non-trading financial assets at fair value through profit or loss | 190.6 | 363.8 | 80.4 | 106.0 | 102.7 | 170.1 | 0.2 | 3.8 | 1,017.6 |
| Derivative financial assets | 320.0 | 2,468.5 | 2,595.2 | 1,335.1 | 1,112.6 | 817.7 | 37.3 | - | 8,686.4 |
| Reverse repurchase agreements | 1,686.5 | 110.1 | 656.4 | 234.7 | 857.7 | 738.0 | 703.9 | - | 4,987.3 |
| Loans and advances to customers | 411.7 | 3.1 | - | 38.3 | 104.0 | 1,194.2 | 76.7 | - | 1,828.0 |
| Financial investments | - | 86.3 | 366.0 | 65.3 | 187.9 | 2,794.9 | 221.3 | - | 3,721.7 |
| Property and equipment | - | - | - | - | - | - | - | 63.4 | 63.4 |
| Current tax assets | - | - | - | - | - | - | - | 10.9 | 10.9 |
| Deferred tax assets | - | - | - | - | - | - | - | 12.4 | 12.4 |
| Other assets | 142.8 | 81.9 | 0.1 | - | - | 7.2 | 1.4 | 9,614.3 | 9,847.7 |
| Investment in group companies | - | - | - | - | - | - | - | 29.5 | 29.5 |
| Total assets | 5,918.2 | 3,200.3 | 3,869.5 | 2,076.4 | 4,852.6 | 6,720.2 | 1,376.8 | 9,734.3 | 37,748.3 |
| Liabilities | | | | | | | | | |
| Financial liabilities held for trading | 3.5 | 537.3 | 418.9 | 437.2 | 163.2 | 262.6 | 54.2 | - | 1,876.9 |
| Non-trading financial liabilities at fair value through profit or loss | 542.7 | 1,475.3 | 325.4 | 328.6 | 1,056.2 | 3,614.4 | - | - | 7,342.6 |
| Derivative financial liabilities | 237.5 | 2,429.9 | 1,776.0 | 1,350.4 | 779.5 | 724.0 | 71.1 | - | 7,368.4 |
| Due to banks and other financial institutions | 1,911.8 | 1,488.3 | 1,217.2 | 10.0 | 2,135.7 | 998.1 | - | - | 7,761.1 |
| Repurchase agreements | 242.0 | 713.4 | - | - | 92.6 | 31.1 | - | - | 1,079.1 |
| Due to customers | 1,684.6 | 336.7 | 365.5 | - | - | - | - | - | 2,386.8 |
| Current tax liabilities | - | - | - | - | - | - | - | 2.6 | 2.6 |
| Subordinated debt | - | - | - | - | - | - | 251.9 | - | 251.9 |
| Other liabilities | 7,476.1 | 8.6 | - | - | - | - | 0.1 | 99.8 | 7,584.6 |
| Total liabilities | 12,098.2 | 6,989.5 | 4,103.0 | 2,126.2 | 4,227.2 | 5,630.2 | 377.3 | 102.4 | 35,654.0 |

Undated other assets include commodities held at fair value. Other liabilities payable on demand include obligations to return commodity balances placed with the Group.

36. MATURITY ANALYSIS (CONTINUED)

| Group – 31 December 2024 | Repayable on demand | Maturing within 1 month | Maturing after 1 month but within 3 months | Maturing after 3 months but within 6 months | Maturing after 6 months but within 12 months | Maturing after 12 months but within 5 years | Maturing after 5 years | Undated | Total |
|--|---------------------|-------------------------|--|---|--|---|------------------------|----------------|-----------------|
| | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
| Assets | | | | | | | | | |
| Cash and balances with central banks | 2,674.1 | - | - | - | - | - | - | - | 2,674.1 |
| Due from banks and other financial institutions | 1,115.1 | - | 47.7 | 67.2 | 2,016.7 | 480.5 | - | - | 3,727.2 |
| Financial assets held for trading | - | 75.2 | 136.0 | 37.5 | 227.4 | 492.8 | 243.0 | - | 1,211.9 |
| Non-trading financial assets at fair value through profit or loss | 74.1 | 371.1 | - | 101.1 | 30.1 | 109.3 | - | 3.3 | 689.0 |
| Derivative financial assets | 166.9 | 926.3 | 918.6 | 462.5 | 593.7 | 692.9 | 150.3 | - | 3,911.2 |
| Reverse repurchase agreements | 568.9 | 813.3 | 1,152.5 | 347.5 | 70.9 | 72.6 | 501.1 | - | 3,526.8 |
| Loans and advances to customers | 183.4 | 4.2 | 31.9 | - | 4.2 | 1,019.7 | 59.6 | - | 1,303.0 |
| Financial investments | - | 298.5 | 408.8 | 103.3 | 153.2 | 2,115.6 | 97.5 | - | 3,176.9 |
| Property and equipment | - | - | - | - | - | - | - | 70.3 | 70.3 |
| Current tax assets | - | - | - | - | - | - | - | 7.6 | 7.6 |
| Deferred tax assets | - | - | - | - | - | - | - | 13.3 | 13.3 |
| Other assets | 110.1 | 15.2 | 0.1 | 0.4 | - | 3.7 | 0.2 | 6,159.4 | 6,289.1 |
| Total assets | 4,892.6 | 2,503.8 | 2,695.6 | 1,119.5 | 3,096.2 | 4,987.1 | 1,051.7 | 6,253.9 | 26,600.4 |
| Liabilities | | | | | | | | | |
| Financial liabilities held for trading | 2.4 | 194.0 | 111.2 | 181.2 | 127.8 | 253.5 | 67.9 | - | 938.0 |
| Non-trading financial liabilities at fair value through profit or loss | 464.7 | 783.4 | 1,274.6 | 73.8 | 682.9 | 3,695.9 | - | - | 6,975.3 |
| Derivative financial liabilities | 178.0 | 813.2 | 935.4 | 581.4 | 651.8 | 818.8 | 216.3 | - | 4,194.9 |
| Due to banks and other financial institutions | 815.4 | 1,079.6 | 463.9 | 34.3 | 2,034.1 | 304.0 | - | - | 4,731.3 |
| Repurchase agreements | 510.6 | 316.2 | 177.3 | 56.0 | - | 20.3 | - | - | 1,080.4 |
| Due to customers | 507.2 | 656.7 | 267.1 | - | - | - | - | - | 1,431.0 |
| Current tax liabilities | - | - | - | - | - | - | - | 0.8 | 0.8 |
| Subordinated debt | - | - | - | - | - | - | 248.6 | - | 248.6 |
| Other liabilities | 4,946.4 | 20.3 | - | 0.8 | 0.6 | 2.5 | 0.1 | 85.7 | 5,056.4 |
| Total liabilities | 7,424.7 | 3,863.4 | 3,229.5 | 927.5 | 3,497.2 | 5,095.0 | 532.9 | 86.5 | 24,656.7 |

36. MATURITY ANALYSIS (CONTINUED)

| Company – 31 December 2024 | Repayable on demand | Maturing within 1 month | Maturing after 1 month but within 3 months | Maturing after 3 months but within 6 months | Maturing after 6 months but within 12 months | Maturing after 12 months but within 5 years | Maturing after 5 years | Undated | Total |
|--|------------------------|-------------------------------|--|---|--|---|------------------------------|----------------|-----------------|
| | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
| Assets | | | | | | | | | |
| Cash and balances with central banks | 2,674.1 | - | - | - | - | - | - | - | 2,674.1 |
| Due from banks and other financial institutions | 1,052.3 | - | 47.7 | 67.2 | 2,016.7 | 480.5 | - | - | 3,664.4 |
| Financial assets held for trading | - | 75.2 | 136.0 | 37.5 | 227.4 | 492.8 | 243.0 | - | 1,211.9 |
| Non-trading financial assets at fair value through profit or loss | 74.1 | 371.1 | - | 101.1 | 30.1 | 109.3 | - | 3.3 | 689.0 |
| Derivative financial assets | 166.9 | 926.3 | 918.6 | 462.5 | 593.7 | 692.9 | 150.3 | - | 3,911.2 |
| Reverse repurchase agreements | 568.9 | 813.3 | 1,152.5 | 347.5 | 70.9 | 72.6 | 501.1 | - | 3,526.8 |
| Loans and advances to customers | 183.4 | 4.2 | 31.9 | - | 4.2 | 1,019.7 | 59.6 | - | 1,303.0 |
| Financial investments | - | 298.5 | 408.8 | 103.3 | 153.2 | 2,115.6 | 97.5 | - | 3,176.9 |
| Property and equipment | - | - | - | - | - | - | - | 61.7 | 61.7 |
| Current tax assets | - | - | - | - | - | - | - | 7.5 | 7.5 |
| Deferred tax assets | - | - | - | - | - | - | - | 12.4 | 12.4 |
| Other assets | 111.7 | 15.2 | 0.1 | 0.4 | - | 3.7 | 0.2 | 6,157.7 | 6,289.0 |
| Investment in group companies | - | - | - | - | - | - | - | 29.5 | 29.5 |
| Total assets | 4,831.1 | 2,503.8 | 2,695.6 | 1,119.5 | 3,096.2 | 4,987.1 | 1,051.7 | 6,272.1 | 26,557.4 |
| Liabilities | | | | | | | | | |
| Financial liabilities held for trading | 2.4 | 194.0 | 111.2 | 181.2 | 127.8 | 253.5 | 67.9 | - | 938.0 |
| Non-trading financial liabilities at fair value through profit or loss | 464.7 | 783.4 | 1,274.6 | 73.8 | 682.9 | 3,695.9 | - | - | 6,975.3 |
| Derivative financial liabilities | 178.0 | 813.2 | 935.4 | 581.4 | 651.8 | 818.8 | 216.3 | - | 4,194.9 |
| Due to banks and other financial institutions | 815.4 | 1,079.6 | 463.9 | 34.3 | 2,034.1 | 304.0 | - | - | 4,731.3 |
| Repurchase agreements | 510.6 | 316.2 | 177.3 | 56.0 | - | 20.3 | - | - | 1,080.4 |
| Due to customers | 507.2 | 656.7 | 267.1 | - | - | - | - | - | 1,431.0 |
| Current tax liabilities | - | - | - | - | - | - | - | 0.7 | 0.7 |
| Subordinated debt | - | - | - | - | - | - | 248.6 | - | 248.6 |
| Other liabilities | 4,937.1 | 20.3 | - | 0.8 | 0.6 | 2.5 | 0.1 | 81.8 | 5,043.2 |
| Total liabilities | 7,415.4 | 3,863.4 | 3,229.5 | 927.5 | 3,497.2 | 5,095.0 | 532.9 | 82.5 | 24,643.4 |

37 RISK MANAGEMENT

37.1 OVERVIEW AND EXECUTIVE SUMMARY

The effective management of risk within the stated risk appetite is fundamental to the banking activities of the Group. The Group seeks to achieve a measured balance between risk and reward in the businesses as described below. In this regard, the Group continues to build and enhance the risk management capabilities that assist in delivering growth plans in a controlled environment.

Risk management is at the core of the operating and management structures of the Group. Key risk management controls are in place to mitigate undue concentrations of exposure, potential losses from stress events, and significant positions in less quantifiable risk areas. These are essential elements of risk management and the control framework, which serve to protect the Group's reputation and business franchise.

37.2 RISK MANAGEMENT FRAMEWORK

Governance structure

The Board is primarily responsible for the governance of risk and compliance with legal and regulatory obligations. It delegates to management, in particular through the Chief Risk Officer and the Head of Compliance, the responsibility for the management of risk and compliance respectively, including the design, implementation and monitoring of plans and processes. The Board has delegated authority to the Board Risk Management Committee to provide independent and objective oversight of risk management and compliance across the Bank.

Accountability for risk management resides at all levels across the organisation, as set out by the three lines of defence model. The first line includes business unit management where the assessment, evaluation and measurement of risk are integrated into day-to-day business activities. The second line is represented by the risk management and compliance functions, which are independent of line management within the business units. The third line consists of internal audit, which provides an independent assessment on the adequacy and effectiveness of the Group's overall system of internal control and risk governance structures.

Risk profile

The Group's trading activities comprise both own account and customer related business. These result in the Group holding positions in foreign exchange, commodities and marketable securities for its own account and to facilitate client business. The Group's non-trading portfolios include loans and advances, deposits and debt securities.

Risk policies and procedures

Frameworks, policies, and procedures are in place to manage each major risk type. These set out minimum requirements for management of risk and promote consistency of risk management methods.

Risk appetite

Risk appetite is an expression of the amount, type and tenor of risk the Group is willing to take in pursuit of its financial and strategic objectives.

The Board establishes the parameters for risk appetite by:

- providing strategic leadership and guidance;
- reviewing and approving annual budgets and forecasts, under normal and stressed conditions;
- regularly reviewing and monitoring performance in relation to risk through quarterly Board reports; and
- conducting forward-looking analysis of risk measures compared with risk appetite under both normal and stressed conditions.

37 RISK MANAGEMENT (CONTINUED)

37.2 RISK MANAGEMENT FRAMEWORK (CONTINUED)

The Chief Risk Officer recommends the level of risk appetite for the Group to both the BRMC and the Board.

The Group's risk appetite is defined in relation to the following metrics: earnings at risk; economic capital; regulatory capital; liquidity; and other risks. These metrics are converted into limits and triggers appropriate to the relevant risk types.

Stress testing (unaudited)

The Group's stress testing framework supports the regular execution of stress tests at the business unit and Group level. The overall stress testing programme, incorporating credit, market, liquidity and operational risk, is a key management tool facilitating a forward-looking perspective of risk in relation to business performance.

Stress testing is used to manage the Group's risk profile proactively, supporting several business processes across the Group, including:

- strategic planning and budgeting;
- capital and liquidity planning and management, including setting capital and liquidity buffers;
- communication with internal and external stakeholders; and
- assessment of the impact of changes in short-term macroeconomic factors on the Group's performance.

Stress tests are an integral component of the Group's internal capital adequacy assessment process, and are used to assess and manage the adequacy of regulatory and economic capital.

Management conducts stress testing daily to assess the impact on the Group's funding and liquidity position. Internal stress testing is used to model severe idiosyncratic, market-wide and combined stress scenarios and to determine the Group's liquidity risk appetite. The stress testing framework is included in the individual liquidity adequacy assessment process, which is used to assess the Group's processes for identification, measurement, management, and monitoring of liquidity and funding risk.

The appropriateness and severity of the relevant stress scenarios for enterprise-wide stress testing are approved by BRMC and reviewed at least annually. Management reviews the results of the stress tests and evaluates the need for mitigating actions, including modifications to risk limits, reducing levels of business, and limiting exposures through hedging activities.

The Group performs stress testing to understand points of vulnerability in its portfolio by applying scenarios with a range of severity and narrative, applied to multiple risk factors. Understanding these vulnerabilities enables the Bank to ensure it has appropriate capital and liquidity resources and contingency measures to absorb future stress events, and to support proactive risk management action and take decisions regarding appetite for both individual counterparties and across the portfolio.

The Group also conducts reverse stress testing to complement the stress testing programme described above. Reverse stress testing identifies those scenarios that could threaten the ongoing stability of the Group, and determines if additional action should be taken to mitigate this risk.

37 RISK MANAGEMENT (CONTINUED)

37.3 RISK CATEGORIES

The principal risks to which the Group is exposed and which it manages are described in the table that follows. This is not an exhaustive list of all potential risks facing the Group, but rather those which management believes may have a significant impact on its business performance and prospects.

| | Risk Type | Mitigating Actions |
|---------------------------|---|--|
| <p>Credit Risk</p> | <p>Credit risk is the risk of loss from failure of counterparties to meet their financial or contractual obligations when due.</p> <ul style="list-style-type: none"> Counterparty risk – loss arising from a counterparty being unwilling or unable to meet its financial or contractual obligations when due. This includes primary (lending) risk, pre-settlement (trading) risk and issuer risk in the banking book. Credit concentration – loss arising from an excessive concentration of exposure, inter alia, to a single counterparty, counterparty segment, industry, country or geography. Contingent risk is the risk that approved credit risk mitigation techniques applied prove to be less effective than expected. Exit (in relation to physical commodities), gap and credit insurance risk are components of contingent risk, although gap risk is largely a “hybrid” between market and credit risk. <p>A counterparty could be exposed to climate-related risk either through physical or transition risks.</p> | <p>The Group manages credit risk by:</p> <ul style="list-style-type: none"> maintaining a culture of responsible risk taking and an established risk policy and control framework; identifying, assessing and measuring credit risk clearly and accurately across the Group, from the level of individual facilities up to the total portfolio; defining, implementing and re-evaluating risk appetite under actual and stress conditions; monitoring exposures relative to limits; ensuring expert scrutiny and independent approval of exposures and their mitigation; the Credit Limit Appetite Guideline (‘CLAG’), which is a macro internal framework that guides the potential maximum amount of uncollateralised primary credit per a risk rating grade calibrated to the Group’s resources and risk appetite; operating the Notional Inventory Limit Guideline Framework, which is a set of guidelines providing an indication of the Group’s notional risk appetite for commodity inventory financing with an obligor. The guidelines consider both the credit rating of the counterparty and risks associated with the location where the inventory will be held; and use of stress testing at a counterparty, sector and portfolio level, including key vulnerability stress tests for specific concentrations under the Bank’s stress testing framework. <p>For more information on Credit Risk, refer to note 37.4.</p> |

37. RISK MANAGEMENT (CONTINUED)

37.3 RISK CATEGORIES (CONTINUED)

| Risk Type | Risk Type | Mitigating Actions |
|--------------------------------|---|--|
| <p>Country Risk</p> | <p>Cross-border country risk is the uncertainty that obligors (including the relevant sovereign and obligations of the Group's branches and subsidiaries in a country) may not be able to fulfil their obligations to the Group because of political or economic conditions in the host country.</p> <p>The definition includes Group equity investments and physical inventories owned by the Group in a host country.</p> <p>Country risk may be fully or partially reduced or transferred to another country through several mitigants.</p> | <p>The Group manages country risk by:</p> <ul style="list-style-type: none"> • maintaining a culture of responsible risk taking and an established risk policy and control framework; • identifying, assessing and measuring country risk clearly and accurately across the Group; • monitoring country risk relative to limits; • commercial risk insurance; • co-financing with multilateral institutions; and • structures to mitigate transferability and convertibility risk such as collection, collateral and margining deposits outside the jurisdiction in question. <p>The Group has higher appetite for certain key jurisdictions such as China, South Africa, Nigeria, Uzbekistan and Turkey.</p> <p>Regular stress tests are run to ensure exposures remain within risk appetite with results reviewed by senior management, including at Board level.</p> <p>For more information on Country Risk, refer to note 37.5.</p> |
| <p>Market Risk</p> | <p>The risk of a change in market value, earnings (actual or effective) or future cash-flows of a portfolio of financial instruments (including commodities), caused by moves in market variables such as interest rates, foreign exchange rates, bond and commodity prices, credit spreads and recovery rates, and correlations and implied volatilities in all of these variables.</p> <p>Climate-related risks can manifest through market value loss due to societal, legal and technological response to climate change. Assets could be subject to a change in investor perception of profitability and a consequent revaluation. Physical risk channels can also result in market value loss due to weather impacts particularly affecting commodities and property.</p> | <p>The Group manages market risk by:</p> <ul style="list-style-type: none"> • measuring the Group's market risk portfolios under both normal market conditions (VaR at 99% confidence, one-day holding period) and stressed market conditions (VaR at 99% confidence, ten-day holding period); • monitoring of material risk factor sensitivities such as delta, gamma, vega and other risk metrics where appropriate; • taking actions to keep exposures within approved risk appetite limit tolerances. Where breaches in limits occur, they will be dealt with in accordance with the breach management and escalation section of the market risk policy; and • applying further key risk controls to all portfolio exposures i.e. stress testing, back testing, stop loss monitoring and front office supervisory controls associated with trading mandates. <p>For more information on Market Risk, refer to note 37.7.</p> |
| <p>Operational Risk</p> | <p>The risk of loss suffered because of inadequacy of, or a failure in, internal processes, people, and systems or from external events. It incorporates losses arising from insurance risk and physical commodities.</p> <p>Operational risk sub-types include:</p> <ul style="list-style-type: none"> • Business disruption and system failures, including cyber incidents; • Damage to physical assets; • Execution and process management; • Internal and external fraud; • Clients, products, and business practices; and • Employment practices and workplace safety. | <p>The Group manages operational risk by:</p> <ul style="list-style-type: none"> • adopting operational risk practices that assist business and operational support line management in understanding their inherent risk and reducing their risk profile while seeking to maximise their operational performance and efficiency; • monitoring and challenging the management of the business (and operational support) risk profile; and • analysing incident root causes, trends and emerging threats, advising on the remediation of potential control weaknesses and recommending best practice solutions. <p>For more information on Operational Risk, refer to note 37.8.</p> |

37. RISK MANAGEMENT (CONTINUED)

37.3 RISK CATEGORIES (CONTINUED)

| Risk Type | Mitigating Actions |
|--|---|
| <p>Liquidity and Funding Risk</p> <p>Liquidity risk is the risk that a firm, although solvent, does not have available sufficient financial resources to enable it to meet its obligations as they fall due.</p> <p>Funding risk is the risk that a firm does not have stable sources of funding in the medium and long term to enable it to meet its financial obligations as they fall due, either at all or only at excessive cost.</p> <p>Specific liquidity and funding risks include:</p> <ul style="list-style-type: none"> • Off balance sheet outflows (collateral calls); • Reliance on shareholder funding; • Depositor concentration; • Dependency on management actions in stress; and • Treatment of commodities under NSFR. | <p>The Group manages liquidity and funding risk by:</p> <ul style="list-style-type: none"> • daily monitoring of the LCR and NSFR surpluses to ensure ongoing compliance with liquidity risk appetite statement metrics; • operating a liquidity stress testing framework based on regulatory and internal stress scenarios with several tailored early warning indicators that are monitored daily with escalation procedures; • forecasting, to assist with management of the liquidity and funding; • holding HQLA, which mitigate outflows related to collateral calls. The quantum held is based on the HLBA under the ILG as well as adverse stressed movements and severe price shocks prescribed under the IST; • structuring a large portion of shareholder funding under 370-day notice, to mitigate risk with funding concentration; • staggering deposit maturities to minimise the funding risk arising from single large maturities or single counterparties; • updating annually and quantifying monthly the management actions available to the Group in the event of a liquidity stress; and • daily monitoring of desk level NSFR positions, which are fed into the early warning indicator framework, to ensure on-going NSFR compliance. <p>For more information on Liquidity and Funding risk, refer to notes 36 and 37.6.</p> |
| <p>Business Risk</p> <p>Business risk is the residual earnings variability after considering the effects of market risk, credit risk, structural interest rate risk, and operational risk. It covers the risk that the Group fails to meet its financial objectives because of factors such as:</p> <ul style="list-style-type: none"> • Competition and margin reduction; • Failed client/financing strategies; • Unplanned increases in costs; • Reduced co-operation with ICBC and SBG groups; and • Changes in GBP/USD exchange rates. | <p>The Group manages business risk by:</p> <ul style="list-style-type: none"> • regular review of management information relating to business performance; • annual budget and business planning cycles; • exploring new revenue opportunities in support of the shareholders and co-operating on systems and infrastructure initiatives designed to create longer term value; • maintaining a strong focus on cost control and management thereof; and • a short-term hedging programme with regard to the cost base. |

37. RISK MANAGEMENT (CONTINUED)

37.3 RISK CATEGORIES (CONTINUED)

| Risk Type | Risk Type | Mitigating Actions |
|-----------------------------|---|---|
| Conduct Risk | <p>The risk that intentional or unintentional business practices and behaviours will lead to poor outcomes for clients, counterparties or the markets operated in by the Group.</p> <p>Conduct risk may arise from, for example, selling products which may not meet client needs, entering into finance arrangements that fund activities that do not align with the Group's values or from exhibiting behaviours that may distort the market or not meet regulatory standards.</p> | <p>The Group manages conduct risk through:</p> <ul style="list-style-type: none"> • a conduct risk framework which sets the standard of behaviour expected of all staff; • monitoring conduct risk metrics and providing senior managers with metrics relevant for their function; • taking appropriate and proportionate action when an issue or incident arises and learning from these incidents through root cause analysis; • reviewing all significant new products and transactions, and assessing the intended outcome and end to end life cycle of the product/transaction; and • continuously learning from both internal and external industry developments and events, the organisation proactively evolves its approach and governance to manage the risk. |
| Financial Crime Risk | <p>Financial crime risk consists of:</p> <ul style="list-style-type: none"> • The risk that criminal parties will access and abuse the products and services of the Group; • The risk that the Group transacts with or facilitates business involving sanctioned or restricted parties or products; • The risk that regulators/law enforcement authorities will apply civil and/or criminal sanctions and penalties for failure to comply with anti-money laundering, counter terrorist financing, anti-bribery and corruption, tax evasion, fraud, modern slavery and sanctions laws, regulations, codes of conduct and regulatory/industry standards of best practice; and • The risk that through the markets and/or media outlets, the Group's reputation is harmed by unfavourable media or market word-of-mouth, due to financial crime risk events, allegations, or the actions of regulators/law enforcement authorities. | <p>The Group has an established financial crime risk management framework. This consists of a suite of systems and controls as follows:</p> <ul style="list-style-type: none"> • Board mandated financial crime risk appetite statement; • application of a three lines of defence model; • ongoing screening of all counterparties and payments for sanctions-related and other financial crime risks; • robust client onboarding and periodic review standards and processes; • enhanced due diligence measures to assess sanctions and other financial crime touchpoints in transactions and across the Group's counterparty population; • periodic risk assessments, monitoring and assurance reviews; • monitoring regulatory, enforcement and geopolitical developments; • suspicious activity monitoring and reporting; and • staff training and breaches reporting and management. |
| Reputational Risk | <p>The potential or actual damage to the Group's image which may impair the profitability and/or sustainability of its business.</p> <p>Such damage may result from a breakdown of trust, confidence, or business relationships with stakeholders that can adversely affect the Group's ability to manage business relationships and continue having access to funding.</p> | <p>The Group manages reputational risk by:</p> <ul style="list-style-type: none"> • having an established governance framework to assess the potential reputational risk that may be introduced to the Group by a product, transacting with a client or executing a specific transaction. <p>If reputational risk is deemed to be outside of the Group's tolerance level, action will be taken to mitigate the impact to the Group, including:</p> <ul style="list-style-type: none"> • terminating a client relationship; or • declining participation in a transaction. <p>For more information on Reputational Risk, refer to note 37.9.</p> |

37. RISK MANAGEMENT (CONTINUED)

37.3 RISK CATEGORIES (CONTINUED)

| Risk Type | Risk Type | Mitigating Actions |
|---|--|---|
| <p>Regulatory and Legal Risk</p> | <p>The risk that the Group may suffer legal or regulatory sanctions, material financial loss or adverse impact on its reputation as a result of a failure to fully comply with laws, regulations, rules, standards or codes of conduct applicable to its financial services activities.</p> | <p>The Group manages regulatory and legal risks by:</p> <ul style="list-style-type: none"> working closely with UK and local regulators in all relevant jurisdictions; developing compliance and financial crime risk assessments to assess areas of weakness in the Group's business model; conducting horizon scanning and impact analysis on regulatory change initiatives; responding to new and ongoing regulatory prudential and conduct requirements; continued investment in training, systems and processes; and having an established governance and control framework with responsibility for the approval of new products and transactions. <p>Legal matters currently involving the Group are summarised in note 29.3.</p> |
| <p>Environmental Risk</p> | <p>Environmental risk consists of both environment-related and climate-related risks:</p> <ul style="list-style-type: none"> Environment-related risk refers to risks posed by the exposure of the Group or financial sector to activities that may cause or be affected by environmental degradation. Climate-related risk refers to risks posed by the exposure of the Group or financial sector to physical and transition risks caused by or related to climate change. <p>Environmental risk is a cross-cutting risk as it can arise through, or impact on, other risk types such as credit, market and operational risk.</p> | <p>The Group manages environmental risk by:</p> <ul style="list-style-type: none"> considering environmental risk as part of the credit rating and analysis process; including climate-related scenarios within stress testing undertaken for market risk; enhancing risk processes with environmental risk considerations including new products and client on-boarding processes; implementing physical hazard modelling into the Physical Commodities Risk Assurance processes, including location and operator on-boarding; and developing capabilities to conduct climate-related scenario analysis across a range of scenarios, temperature pathways and time horizons. |
| <p>People Risk</p> | <p>The risk that the Group fails to maintain organisational skills, capability, resilience, and capacity in response to internal and external changes, such as regulatory challenges, cyber-attacks, leadership gaps, employee development, and reward structures. These factors could adversely affect the Group's operations and its ability to achieve its strategic goals.</p> | <p>The Group manages people risk by:</p> <ul style="list-style-type: none"> attracting and retaining talent and key skills in the Bank; providing tailored training and development, to ensure employees stay up to date with industry trends and skills; remunerating employees with performance-based and market-linked rewards; having plans in place for key roles, ensuring business continuity and leadership stability; promoting a culture that aligns with optimal outcomes for both clients and employees, which fosters a productive and ethical work environment; conducting regular audits, training, and policy updates, ensuring the Bank stays compliant with ever-changing regulations; and having cybersecurity measures in place. |

37. RISK MANAGEMENT (CONTINUED)

37.4 CREDIT RISK

Credit risk principally comprises counterparty credit risk arising from loans granted, commodity leasing, securities financing transactions and derivative contracts entered with clients and market counterparties.

The Group's exposure to counterparty credit risk is affected by the nature of the trades and recognition of any eligible netting and collateral arrangements.

Structure and organisation of credit risk management function

The head of credit has functional responsibility for credit risk across the Group and reports to the CRO.

A formal structure exists for the approval of credit limits, which are agreed through delegated authority derived from the Board. The Board awards the highest level of delegated authority to the credit committee to exercise responsibility for granting credit risk. The credit committee is convened as a sub-committee of the RMC with a mandate to:

- Exercise responsibility for the independent assessment, approval, review, and monitoring of credit and country risk limits and exposures relating to the Group's business under a delegated authority construct;
- Ensure that the origination and management of credit and country risk exposures in the portfolio are in line with the credit risk policy and any other guidance given to it by the RMC from time to time;
- Escalate matters to RMC as appropriate, including breaches of risk appetite and proposed corrective actions;
- Monitor and review non-performing loan and watchlist exposures;
- Review and approve counterparty trading documentation (e.g. ISDA Master Agreements, Global Master Repurchase Agreements, etc.) and legal opinions on netting, collateral and other forms of credit risk mitigation; and
- Approve any underwriting commitments related to primary markets transactions.

37. RISK MANAGEMENT (CONTINUED)

37.4 CREDIT RISK (CONTINUED)

Methodology to assign credit limits

The Group uses internal models and practices to measure and manage credit risk to ensure that it is properly understood, managed and controlled.

The credit modelling framework includes the use of probability of default, loss given default, exposure at default, unexpected loss, expected loss, economic capital consumption and economic profit. The Group's risk appetite is, in part, calibrated to these economic risk drivers.

Probability of default models are used to assess the probability of a counterparty not making full and timely repayment of credit obligations over a specific time horizon. The models use a combination of forward-looking qualitative factors and quantitative inputs. Each customer is assigned an internal credit rating, which in turn is mapped to a statistically calibrated PD. Different models are used for each discrete credit portfolio and counterparty, and each model has its own set of risk factors and inputs used for assessing the rating. All models are statistically tested and independently validated to ensure they have an acceptable level of predictive power, provide an accurate forward-looking rating assessment suitable for use in regulatory and Ecap assessment, and are stable through an economic cycle. For Ecap management, the Group uses forward-looking ratings but also explores point-in-time versus through-the-cycle impacts through stress testing and deploys a stressed credit migration to assess the impact of risk rating downgrades.

The Group's 25-point master rating scale is indicatively mapped against external rating agencies' alphanumeric rating scales and group grading categories as shown in the table below.

| Group master rating scale | Moody's Investor Services | Standard and Poor's | Fitch Ratings | Grading |
|---------------------------|---------------------------|---------------------|---------------|----------------------|
| 1 - 4 | Aaa to Aa3 | AAA to AA- | AAA to AA- | |
| 5 - 7 | A1 to A3 | A+ to A- | A+ to A- | Investment grade |
| 8 - 12 | Baa1 to Baa3 | BBB+ to BBB- | BBB+ to BBB- | |
| 13 - 25 | Ba1 to Ca | BB+ to CCC- | BB+ to CCC- | Sub-investment grade |
| Default | C | D | D | Default |

Exposure to credit risk

The following table sets out information about the credit quality of financial assets measured at amortised cost and FVOCI debt investments without considering collateral or other credit enhancements. The amounts in the table represent gross carrying amounts.

37. RISK MANAGEMENT (CONTINUED)

37.4 CREDIT RISK (CONTINUED)

Credit quality analysis of gross loans and advances (notes 4, 8 and 9) and debt securities held at FVOCI and amortised cost (note 10)

| | Amortised Cost ¹ | | Fair value through other comprehensive income | |
|--------------------------------------|-----------------------------|-------------|---|-------------|
| | 2025 \$m | 2024 \$m | 2025 \$m | 2024 \$m |
| Grades 1-21: Pass | 11,404.4 | 7,411.1 | 350.8 | 477.3 |
| Stage 1 | 11,366.1 | 7,411.1 | 350.8 | 477.3 |
| Stage 2 | 38.3 | - | - | - |
| Stage 3 | - | - | - | - |
| Grades 22-25: Special Mention | 30.3 | 46.5 | - | - |
| Stage 1 | 30.3 | 46.5 | - | - |
| Stage 2 | - | - | - | - |
| Stage 3 | - | - | - | - |
| Grade D1: Sub-standard | - | - | - | - |
| Stage 1 | - | - | - | - |
| Stage 2 | - | - | - | - |
| Stage 3 | - | - | - | - |
| POCI | - | - | - | - |
| Grade D2: Doubtful | 5.7 | 5.3 | - | - |
| Stage 1 | - | - | - | - |
| Stage 2 | - | - | - | - |
| Stage 3 | - | - | - | - |
| POCI | 5.7 | 5.3 | - | - |
| Grade D3: Loss | - | - | - | - |
| Stage 1 | - | - | - | - |
| Stage 2 | - | - | - | - |
| Stage 3 | - | - | - | - |
| POCI | - | - | - | - |
| | 11,440.4 | 7,462.9 | 350.8 | 477.3 |

1. Amortised cost balances include POCI exposures reported in other assets on the balance sheet.

There are three counterparties that have a credit rating of D1: Sub-standard, D2: Doubtful, or D3: Loss, in 2025 (2024: one counterparty).

For the tables that follow, the definitions below have been used for the different categories of exposures:

- **Neither past due nor impaired** represents exposures that are current and fully compliant with all contractual terms and conditions.
- **Past due but not specifically impaired** includes those exposures where the counterparty has failed to make its contractual payment or has breached a material covenant, but impairment losses have not yet been incurred due to the expected recoverability of future cash flows, including collateral. Ultimate loss is not expected but could occur if the adverse condition persists. These exposures are analysed further between those that are less than 90-days past due and those that are 90-days or more past due.

37. RISK MANAGEMENT (CONTINUED)

37.4 CREDIT RISK (CONTINUED)

- **Specifically impaired** exposures include those where there is objective evidence that an impairment loss has been incurred and for which there has been a measurable decrease in the estimated future cash flows because of the borrower's payment status or objective evidence of impairment.

Specifically impaired exposures are further analysed into the following categories:

- **sub-standard** items that show underlying well-defined weaknesses and are considered to be specifically impaired;
 - **doubtful items** that are not yet considered final losses because of some pending factors that may strengthen the quality of the items; and
 - **loss items** that are uncollectible in whole or in part. The Group provides fully for its anticipated loss, after taking any security into account.
- **Non-performing exposures** are those exposures for which the Group has identified objective evidence of default, such as breach of a material covenant or condition, or instalments are due and unpaid for 90-days or more.

Maximum exposure to credit risk

| | Performing (Group master ratings: 1-25) | | Non-performing (Group master rating: Default) | | Gross credit exposure |
|---|---|--|---|------------|-----------------------|
| | Neither past due nor impaired | Past due but not specifically impaired | Specifically impaired | | |
| 2025 | \$m | \$m | \$m | \$m | \$m |
| Cash and balances with central banks ¹ | 764.5 | - | - | - | 764.5 |
| Gross due from banks and other financial institutions | 5,440.9 | - | - | - | 5,440.9 |
| Financial assets held for trading | 1,413.4 | - | - | - | 1,413.4 |
| Non-trading financial assets at fair value through profit or loss | 1,013.8 | - | - | - | 1,013.8 |
| Derivative financial assets | 8,685.0 | - | - | 1.4 | 8,686.4 |
| Gross reverse repurchase agreements | 4,989.5 | - | - | - | 4,989.5 |
| Gross loans and advances to customers | 1,844.8 | - | - | - | 1,844.8 |
| Gross financial investments | 3,721.8 | - | - | - | 3,721.8 |
| Gross POCI exposures | - | - | - | 5.7 | 5.7 |
| Total balance sheet exposure to credit risk | 27,873.7 | - | - | 7.1 | 27,880.8 |
| Guarantees | | | | | 338.1 |
| Irrevocable unutilised facilities | | | | | 507.3 |
| Commodity leases | | | | | 1,887.9 |
| Total off-balance sheet exposure to credit risk | | | | | 2,733.3 |
| Total exposure to credit risk | | | | | 30,614.1 |
| Reconciliation to the balance sheet | | | | | |
| Add: Equity instruments (note 6) | | | | | 3.8 |
| Add: Non-financial assets | | | | | 9,943.1 |
| Less: Credit loss allowance ² | | | | | (27.0) |
| Less: Off-balance sheet exposure | | | | | (2,733.3) |
| Total assets | | | | | 37,800.7 |

37. RISK MANAGEMENT (CONTINUED)

37.4 CREDIT RISK (CONTINUED)

Maximum exposure to credit risk (continued)

| | Performing (Group master ratings: 1-25) | | Non-performing (Group master rating: Default) | | Gross credit exposure |
|--|---|--|---|------------|-----------------------|
| | Neither past due nor impaired | Past due but not specifically impaired | Specifically impaired | | |
| 2024 | \$m | \$m | \$m | \$m | \$m |
| Cash and balances with central banks ¹ | 2,674.1 | - | - | - | 2,674.1 |
| Gross due from banks and other financial institutions ² | 3,730.2 | - | - | - | 3,730.2 |
| Financial assets held for trading | 1,211.9 | - | - | - | 1,211.9 |
| Non-trading financial assets at fair value through profit or loss | 685.7 | - | - | - | 685.7 |
| Derivative financial assets | 3,911.2 | - | - | - | 3,911.2 |
| Gross reverse repurchase agreements | 3,526.8 | - | - | - | 3,526.8 |
| Gross loans and advances to customers | 1,307.9 | - | - | - | 1,307.9 |
| Gross financial investments | 3,176.9 | - | - | - | 3,176.9 |
| Gross POCI exposures | - | - | - | 5.3 | 5.3 |
| Total balance sheet exposure to credit risk | 20,224.7 | - | - | 5.3 | 20,230.0 |
| Guarantees | | | | | 215.9 |
| Irrevocable unutilised facilities | | | | | 640.2 |
| Commodity leases | | | | | 1,719.7 |
| Total off-balance sheet exposure to credit risk | | | | | 2,575.8 |
| Total exposure to credit risk | | | | | 22,805.8 |
| Reconciliation to the balance sheet | | | | | |
| Add: Equity instruments (note 6) | | | | | 3.3 |
| Add: Non-financial assets | | | | | 6,378.6 |
| Less: Credit loss allowance ² | | | | | (11.5) |
| Less: Off-balance sheet exposure | | | | | (2,575.8) |
| Total assets | | | | | 26,600.4 |

1. Reserve account with the Bank of England (see note 3).

2. The credit loss allowance comprises amounts recognised on the balance sheet within financial assets, whereas the 'Movement in credit loss allowances' table below also includes ECL charges on off-balance sheet items (e.g. loan commitments and financial guarantee contracts), which are presented as provisions on the balance sheet, and on debt instruments measured at FVOCI, which are recognised in other comprehensive income.

Analysis of gross balances subject to three stage expected credit loss (ECL) model

| | Stage 1 | Stage 2 | Stage 3 | | | POCI | Total |
|---|-----------------|-------------|--------------|----------|----------|------------|-----------------|
| | \$m | \$m | Sub-standard | Doubtful | Loss | | |
| 2025 | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
| Cash and balances with central banks | 764.5 | - | - | - | - | - | 764.5 |
| Due from banks and other financial institutions | 5,440.9 | - | - | - | - | - | 5,440.9 |
| Reverse repurchase agreements | 2,446.3 | - | - | - | - | - | 2,446.3 |
| Loans and advances to customers | 1,806.5 | 38.3 | - | - | - | - | 1,844.8 |
| Financial investments | 2,053.5 | - | - | - | - | - | 2,053.5 |
| Commitments and financial guarantees given | 845.4 | - | - | - | - | - | 845.4 |
| Other assets | - | - | - | - | - | 5.7 | 5.7 |
| Total | 13,357.1 | 38.3 | - | - | - | 5.7 | 13,401.1 |

37. RISK MANAGEMENT (CONTINUED)

37.4 CREDIT RISK (CONTINUED)

Analysis of gross balances subject to three stage expected credit loss (ECL) model (continued)

| | Stage 1 | Stage 2 | Stage 3 | | | POCI \$m | Total \$m |
|---|-----------------|----------|---------------------|-----------------|-------------|-------------|-----------------|
| | \$m | \$m | Sub-standard \$m | Doubtful \$m | Loss \$m | | |
| 2024 | | | | | | | |
| Cash and balances with central banks | 2,674.1 | - | - | - | - | - | 2,674.1 |
| Due from banks and other financial institutions | 3,730.2 | - | - | - | - | - | 3,730.2 |
| Reverse repurchase agreements | 781.3 | - | - | - | - | - | 781.3 |
| Loans and advances to customers | 1,307.9 | - | - | - | - | - | 1,307.9 |
| Financial investments | 2,115.5 | - | - | - | - | - | 2,115.5 |
| Commitments and financial guarantees given | 856.1 | - | - | - | - | - | 856.1 |
| Other assets | - | - | - | - | - | 5.3 | 5.3 |
| Total | 11,465.1 | - | - | - | - | 5.3 | 11,470.4 |

Movements in credit loss allowances

| | Stage 1 12-month ECL \$m | Stage 2 Lifetime ECL - not credit- impaired \$m | Stage 3 Lifetime ECL - credit- impaired \$m | POCI Lifetime ECL - credit- impaired \$m | Total \$m |
|--|-----------------------------------|---|---|--|---------------|
| Credit loss allowance at 1 January 2025 | (15.9) | - | - | (3.5) | (19.4) |
| Transfer: | | | | | |
| to stage 1 | - | - | - | - | - |
| to stage 2 | - | (4.0) | - | - | (4.0) |
| to stage 3 | - | - | - | - | - |
| Increases due to origination and acquisition | (14.4) | - | - | - | (14.4) |
| Changes due to change in credit risk | 1.4 | - | - | - | 1.4 |
| Financial assets derecognised during the period | 3.5 | - | - | - | 3.5 |
| Write-offs of allowances against exposures | - | - | - | - | - |
| Other adjustments | - | - | - | (1.8) | (1.8) |
| Credit loss allowance at 31 December 2025 | (25.4) | (4.0) | - | (5.3) | (34.7) |

| | Stage 1 12-month ECL \$m | Stage 2 Lifetime ECL - not credit- impaired \$m | Stage 3 Lifetime ECL - credit- impaired \$m | POCI Lifetime ECL - credit- impaired \$m | Total \$m |
|--|-----------------------------------|---|---|--|---------------|
| Credit loss allowance at 1 January 2024 | (13.2) | - | - | (3.6) | (16.8) |
| Transfer: | | | | | |
| to stage 1 | - | - | - | - | - |
| to stage 2 | - | - | - | - | - |
| to stage 3 | - | - | - | - | - |
| Increases due to origination and acquisition | (7.0) | - | - | - | (7.0) |
| Changes due to change in credit risk | 1.5 | - | - | - | 1.5 |
| Financial assets derecognised during the period | 2.8 | - | - | - | 2.8 |
| Write-offs of allowances against exposures | - | - | - | - | - |
| Other adjustments | - | - | - | 0.1 | 0.1 |
| Credit loss allowance at 31 December 2024 | (15.9) | - | - | (3.5) | (19.4) |

37. RISK MANAGEMENT (CONTINUED)

37.4 CREDIT RISK (CONTINUED)

Renegotiated loans and advances

Renegotiated loans and advances are loans which have been refinanced, rescheduled, rolled over or otherwise modified during the year because of weaknesses in the counterparty's financial position and where it has been judged that normal repayment is expected to continue after the restructure. Renegotiated loans and advances are assessed on an individual basis and monitored during the rehabilitation period, before being transferred into the performing portfolio, where applicable. Following rehabilitation, internally generated risk grades are assigned that reflect the revised risk of the exposure. Consequent impairment recognition is evaluated as part of the normal credit process. The primary aim of providing forbearance facilities to customers is to enable the complete recovery of the exposure. The Group does not follow a general forbearance policy but each facility is treated on its own merits. There were no forbore loans at 31 December 2025 (2024: \$nil).

The Watchlist is an early warning mechanism which is used to identify any material deterioration in the risk profile of a counterparty or credit facility performance. These exposures are immediately subject to independent scrutiny from the Bank's most senior and experienced risk officers in order that an appropriate strategy for managing the risk can be formulated, monitored and executed to mitigate that risk, regularise the exposure, or assure recovery with minimal loss. In cases where the remedial strategy does not produce the expected improvement, the Group may consider an alternative remedial strategy or referral to the Business Support and Recovery (BS&R) team, the workout unit which sits in the Risk function, for active recovery management. An impairment charge is raised if any new terms are less favourable and result in the discounted cash flows being lower than the carrying value of the exposures.

At 31 December 2025, there is one performing loan exposure under watchlist review for which a significant increase in credit risk had been recognised (2024: \$nil). The value of this facility at the reporting date is \$38.3 million and as this is in the process of being restructured, which is evidence of a credit impairment, a lifetime ECL provision of \$4.0 million has been charged.

The ECL allowance on the watchlist portfolio is dependent on the internal credit grade allocated to it. Additional management adjustments to the model capture the enhanced risks attached to this portfolio.

Credit risk mitigation and hedging

Collateral, guarantees, credit insurance, credit derivatives and netting are widely used by the Group for credit risk mitigation. The amount and type of credit risk mitigation depends on the circumstances of each case.

The amount and type of collateral required depends on the nature of the underlying collateral risk as well as an assessment of the credit risk of the counterparty. Regulatory capital requirements may also be considered in this assessment.

Derivative transactions

For derivative transactions, the Group typically uses internationally recognised and enforceable International Swaps and Derivatives Association master agreements, with a credit support annexure, where collateral support is considered necessary. Other credit protection terms may be stipulated, such as limitations on the amount of unsecured credit exposure acceptable, margining if mark-to-market credit exposure exceeds acceptable limits and termination of the contract if certain credit events occur, for example, a downgrade of the counterparty's external credit rating.

37. RISK MANAGEMENT (CONTINUED)

37.4 CREDIT RISK (CONTINUED)

Master netting agreements

Where appropriate, the Group seeks to enter into master netting agreements. Although master netting agreements do not generally result in an offset of balance sheet assets and liabilities for accounting purposes, as transactions are usually settled on a gross basis in the ordinary course of business, they do reduce the credit risk exposure and capital requirements to the extent that, if an event of default occurs, all amounts with the counterparty can be terminated and settled on a net basis. The Group's overall exposure to credit risk on derivative instruments subject to master netting agreements can change substantially within a short period, since this is the net position of all trades under the master netting agreement.

Credit derivatives

Credit derivatives are a method of transferring credit risk from one party (the protection buyer) to another (the protection seller). In return for a risk premium, the protection seller agrees to make a payment (or series of payments) to the protection buyer in the event of the occurrence of a stipulated event. Capital relief under regulatory requirements is restricted to the following types of credit derivative:

- credit default swaps;
- total return swaps; and
- credit-linked notes (to the extent of their cash funding).

In respect of a credit default swap, various credit events defined in the ISDA documentation affecting the obligor (including bankruptcy, failure to pay and restructuring), can trigger settlement. Settlement usually takes place by the protection buyer being paid by the protection seller the notional amount minus the recovery as determined by an auction of the eligible securities of the obligor governed by ISDA.

Under a total return swap, the protection buyer will pass on to the seller all payments it receives on the underlying credit obligation, plus any decrease in the market value of the credit obligation, in return for an interest related payment (market rate and spread).

Under a credit-linked note, the protection buyer issues a bond or note which is linked to the creditworthiness of an obligor and which may be backed by certain collateral. The bond or note is purchased by the protection seller, who receives a coupon on the bond or note (market rate and spread). If a credit event occurs in relation to either the obligor or the collateral, the bond or note is redeemed by the protection buyer with the recovery value of the collateral being the redemption amount. If no credit event occurs, the bond or note will be redeemed at par by the protection buyer.

Guarantees and standby letters of credit

Guarantees and standby letters of credit are contracts whereby a third-party guarantor promises to recompense the lender in the event of failure by a customer to meet their obligations. Regulatory capital relief is only taken by risk weighted substitution for guarantees and SBLCs provided by appropriate central governments, central banks, commercial banks or similar institutions. Where regulatory capital relief is sought to reflect the risk mitigating effect of a guarantee, minimum legal and operational requirements are required to be met. On the basis that these requirements are met, alternative forms of protection, for example indemnities or non-payment insurance, may be classified as guarantees for regulatory capital purposes.

Collateral required in respect of a rating downgrade

The Group enters derivative contracts with rated and unrated counterparties. To mitigate counterparty credit risk, the Group stipulates credit protection terms such as limitations on the amount of unsecured credit exposure it will accept, collateralisation requirements if mark-to-market credit exposure exceeds those amounts and the collateralisation and termination requirements of the contract if certain credit events occur, which may include but not be limited to a downgrade of the counterparty's public credit rating.

Financial effect of collateral and other credit enhancements

The table below indicates the estimated financial effect that collateral has on the Group's maximum exposure to credit risk. The collateral disclosed relates to the gross credit exposure reported under IFRS and does not represent the collateral qualifying for prudential reporting purposes. The table displays the on-balance sheet and off-balance sheet credit exposures for the Group, further divided between netting arrangements, and unsecured and secured exposures, with an additional breakdown of collateral coverage for the secured portion.

37. RISK MANAGEMENT (CONTINUED)

37.4 CREDIT RISK (CONTINUED)

Financial effect of collateral and other credit enhancements (continued)

Netting arrangements represent amounts which are legally enforceable upon default, totalling \$8,466.1 million at 31 December 2025 (2024: \$4,539.3 million). This is in addition to balances meeting the offsetting principles described in accounting policy 5.

Unsecured exposures of \$9,974.2 million (2024: \$11,202.7 million) largely represent corporate, government and designated multilateral development bank bonds, precious metal leases, irrevocable unutilised loan commitments, cash collateral placed with recognised exchanges and short-term placements with highly rated banks and non-banking financial institutions.

A significant portion of the secured exposures relate to reverse repo type securitised lending, where the collateral is typically tradeable. For loans and advances, the collateral accepted includes, cash, equities, guarantees and credit enhancements such as credit default swaps and credit insurance. However, guarantees received based on future revenue streams, assets whose value is highly correlated to the counterparty and floating charges over assets have been excluded from the table. Total exposures of \$8,286.1 million (2024: \$6,032.6 million) are more than 100% covered by collateral, primarily relating to reverse repurchase lending, structured lending, and equity margin loan activity.

Collateral obtained by the Group

It is the Group's policy to dispose of repossessed assets in an orderly manner. The proceeds are used to reduce or repay the outstanding claim. Generally, the Group does not use repossessed assets for business purposes. No collateral has been repossessed in 2025 or 2024.

Financial effect of collateral and other credit enhancements⁵

| 2025 | Total exposure to credit risk \$m | Netting arrangements ¹ \$m | Exposure after netting \$m | Unsecured exposures \$m | Secured exposures \$m | Extent of collateral and risk mitigation: | | |
|---|--------------------------------------|--|-------------------------------|----------------------------|--------------------------|---|-----------------------------|----------------------------|
| | | | | | | 1-50% ² \$m | 51-100% ³ \$m | > 100% ⁴ \$m |
| Cash and balances with central banks | 764.5 | - | 764.5 | 764.5 | - | - | - | - |
| Due from banks and other financial institutions | 5,440.9 | 1,845.9 | 3,595.0 | 600.7 | 2,994.3 | 326.2 | 158.3 | 2,509.8 |
| Financial assets held for trading | 1,413.4 | - | 1,413.4 | 1,413.4 | - | - | - | - |
| Non-trading financial assets at fair value through profit or loss | 1,013.8 | - | 1,013.8 | 268.7 | 745.1 | - | 694.2 | 50.9 |
| Derivative financial assets | 8,686.4 | 5,334.4 | 3,352.0 | 626.5 | 2,725.5 | 125.5 | 583.5 | 2,016.5 |
| Reverse repurchase agreements | 4,989.5 | - | 4,989.5 | - | 4,989.5 | - | 1,627.0 | 3,362.5 |
| Loans and advances to customers | 1,844.8 | - | 1,844.8 | 1,125.4 | 719.4 | 82.2 | 290.8 | 346.4 |
| Financial investments | 3,721.8 | - | 3,721.8 | 3,721.8 | - | - | - | - |
| POCl exposures | 5.7 | - | 5.7 | 5.7 | - | - | - | - |
| Total balance sheet exposure to credit risk | 27,880.8 | 7,180.3 | 20,700.5 | 8,526.7 | 12,173.8 | 533.9 | 3,353.8 | 8,286.1 |
| Guarantees | 338.1 | - | 338.1 | 338.1 | - | - | - | - |
| Irrevocable unutilised facilities | 507.3 | - | 507.3 | 507.3 | - | - | - | - |
| Commodity leases | 1,887.9 | 1,285.8 | 602.1 | 602.1 | - | - | - | - |
| Total off-balance sheet exposure to credit risk | 2,733.3 | 1,285.8 | 1,447.5 | 1,447.5 | - | - | - | - |
| Total exposure to credit risk | 30,614.1 | 8,466.1 | 22,148.0 | 9,974.2 | 12,173.8 | 533.9 | 3,353.8 | 8,286.1 |

37. RISK MANAGEMENT (CONTINUED)

37.4 CREDIT RISK (CONTINUED)

Financial effect of collateral and other credit enhancements⁵ (continued)

| 2024 | Total exposure to credit risk \$m | Netting arrangements ¹ \$m | Exposure after netting \$m | Unsecured exposures \$m | Secured exposures \$m | Extent of collateral and risk mitigation: | | |
|---|--------------------------------------|--|-------------------------------|----------------------------|--------------------------|---|-----------------------------|----------------------------|
| | | | | | | 1-50% ² \$m | 51-100% ³ \$m | > 100% ⁴ \$m |
| Cash and balances with central banks | 2,674.1 | - | 2,674.1 | 2,674.1 | - | - | - | - |
| Due from banks and other financial institutions | 3,730.2 | 782.8 | 2,947.4 | 482.9 | 2,464.5 | - | 185.4 | 2,279.1 |
| Financial assets held for trading | 1,211.9 | - | 1,211.9 | 1,211.9 | - | - | - | - |
| Non-trading financial assets at fair value through profit or loss | 685.7 | - | 685.7 | 675.3 | 10.4 | - | - | 10.4 |
| Derivative financial assets | 3,911.2 | 2,921.2 | 990.0 | 523.1 | 466.9 | 31.6 | 200.3 | 235.0 |
| Reverse repurchase agreements | 3,526.8 | - | 3,526.8 | - | 3,526.8 | - | 514.1 | 3,012.7 |
| Loans and advances to customers | 1,307.9 | - | 1,307.9 | 712.7 | 595.2 | - | 99.8 | 495.4 |
| Financial investments | 3,176.9 | - | 3,176.9 | 3,176.9 | - | - | - | - |
| POCI exposures | 5.3 | - | 5.3 | 5.3 | - | - | - | - |
| Total balance sheet exposure to credit risk | 20,230.0 | 3,704.0 | 16,526.0 | 9,462.2 | 7,063.8 | 31.6 | 999.6 | 6,032.6 |
| Guarantees | 215.9 | - | 215.9 | 215.9 | - | - | - | - |
| Irrevocable unutilised facilities | 640.2 | - | 640.2 | 640.2 | - | - | - | - |
| Commodity leases | 1,719.7 | 835.3 | 884.4 | 884.4 | - | - | - | - |
| Total off-balance sheet exposure to credit risk | 2,575.8 | 835.3 | 1,740.5 | 1,740.5 | - | - | - | - |
| Total exposure to credit risk | 22,805.8 | 4,539.3 | 18,266.5 | 11,202.7 | 7,063.8 | 31.6 | 999.6 | 6,032.6 |

1. Represents netting arrangements that can be applied in the event of default. This is in addition to offsetting applied in the balance sheet, as permitted by IAS 32.

2. Represent exposures secured between 1% and 50%.

3. Represent exposures secured between 51% and 100%.

4. Represent exposures secured in excess of 100%.

5. Collateral valuations are performed based on the nature and price volatility of the underlying collateral.

Wrong-way risk exposure

Wrong-way risk is defined as the risk that arises due to adverse correlation between counterparty credit exposure and credit quality. WWR is present where the risk of default by the counterparty increases as the Group's credit exposure to the counterparty increases or as the value of the collateral held by the Group decreases. This risk is addressed by taking into consideration the high correlation between the default event and exposure to the counterparty when calculating the potential exposure and security margin requirements on these transactions.

37.5 COUNTRY RISK

All countries to which the Group is exposed are reviewed at least annually. Internal rating models are employed to determine ratings for jurisdiction (on a jurisdiction rating scale aaa to c), sovereign, and transfer and convertibility risk (on a rating scale RG01 to RG25). In determining the ratings, use is made of the Group's network of operations and external information sources. These internal ratings are a key input into the Group's credit rating models.

The following table illustrates customer risk by geographical segment.

37. RISK MANAGEMENT (CONTINUED)

37.5 COUNTRY RISK (CONTINUED)

Geographic analysis of gross loans and advances (notes 4, 8 and 9)¹

| | 2025 | | 2024 | |
|------------------------------|-----------------|--------------|---------|-------|
| | \$m | % | \$m | % |
| Sub-Saharan Africa | 2,923.1 | 23.8 | 2,441.1 | 28.5 |
| Asia-Pacific | 689.5 | 5.6 | 793.6 | 9.3 |
| Middle East and North Africa | 891.5 | 7.3 | 520.1 | 6.1 |
| Rest of Europe | 4,497.3 | 36.6 | 2,697.4 | 31.4 |
| Latin America | 764.4 | 6.2 | 161.4 | 1.9 |
| North America | 1,670.0 | 13.6 | 1,009.7 | 11.8 |
| Eurozone | 839.4 | 6.9 | 941.6 | 11.0 |
| | 12,275.2 | 100.0 | 8,564.9 | 100.0 |

1. Based on the borrower's country of risk.

Geographic analysis of financial assets held for trading and non-trading financial assets at fair value through profit or loss¹

| | 2025 | | 2024 | |
|------------------------------|----------------|--------------|---------|-------|
| | \$m | % | \$m | % |
| Sub-Saharan Africa | 580.1 | 23.9 | 485.7 | 25.6 |
| Asia-Pacific | 351.7 | 14.5 | 571.7 | 30.1 |
| Middle East and North Africa | 470.5 | 19.4 | 299.9 | 15.8 |
| Rest of Europe | 871.7 | 35.9 | 233.0 | 12.3 |
| Latin America | 19.0 | 0.8 | 1.9 | 0.1 |
| North America | 118.2 | 4.9 | 240.4 | 12.7 |
| Eurozone | 16.0 | 0.6 | 65.0 | 3.4 |
| | 2,427.2 | 100.0 | 1,897.6 | 100.0 |

1. Analysis of Government and Corporate securities as included in note 5, and Debt instruments, as included in note 6.

37.6 LIQUIDITY RISK

Summary of performance (unaudited)

The Group's liquidity risk is assessed through:

- Short-term resilience using the regulatory Individual Liquidity Guidance and internal stress tests; and
- Long-term resilience through the Net Stable Funding Ratio assessment.

The short-term liquidity resilience metric is used to mitigate liquidity risk whilst funding risk is mitigated by the longer-term liquidity resilience metric.

The Group's liquidity risk appetite per the risk appetite statement represents the maximum liquidity risk acceptable to the Board in pursuit of its strategic objectives and is set on an annual basis. RAS limits are measured through three metrics to ensure the Group holds sufficient HQLA to meet anticipated net contractual and contingent outflows under stress and maintain appropriate stable sources of funding to reduce over reliance on short-term funding.

The Individual Liquidity Guidance represents the regulatory view of the Group's liquidity stressed funding requirements and stipulates that the Group must ensure that it holds sufficient liquid assets to meet cumulative net cash outflows at calendar day 30.

37. RISK MANAGEMENT (CONTINUED)

37.6 LIQUIDITY RISK (CONTINUED)

Summary of performance (unaudited) (continued)

The Combined Internal Stress Test models the Group's internal view of a severe market-wide liquidity stress scenario, aggregated with an ICBCS downgrade assumption, to the effect that the Group must ensure that sufficient liquid assets are held to meet cumulative net cash outflows, post management actions, for a survival horizon of 91 days.

The Net Stable Funding Ratio is the amount of available stable funding relative to the amount of required stable funding, and as such, the Group must ensure that the ASF exceeds the amount of RSF.

As at 31 December 2025 the Bank had the following RAS liquidity and funding surpluses;

- ILG, \$1,195 million (2024: \$2,028 million);
- Constraining IST, \$2,274 million (2024: \$3,524 million); and
- NSFR, \$1,003 million (2024: \$2,652 million).

Regulatory Ratios

Under the LCR and NSFR, the Bank maintained an excess over the regulatory requirement. As at 31 December 2025, the Bank's LCR position was 144% (2024: 180%) and its NSFR position was 110% (2024: 143%)

Liquidity stress testing

The Group operates an internal liquidity stress testing framework based on several stressed liquidity scenarios which cover a 91-day survival period. These are as follows:

- Idiosyncratic stress scenario, which assumes institution specific events;
- Market-wide stress scenario, which considers market-wide stresses most relevant to the Group's business model and strategy; and
- Combined stress scenario, which is an aggregation of the market-wide scenario with an ICBCS downgrade.

At 31 December 2025, the RAS is calibrated to the combined stress scenario together with the regulatory ILG and NSFR. In addition, the idiosyncratic and market-wide stress scenarios are run for internal risk monitoring purposes to ensure the Group's survival horizon is tested across a range of severe but plausible stress events. Each of the stresses is designed to ensure that all material on- and off-balance sheet funding and liquidity risks are captured and mitigated.

The Group's reverse stress testing framework supplements the internal stress tests framework and assesses additional scenarios and circumstances that would render the Group's business model unviable, by identifying potential business vulnerabilities.

Liquidity and funding risk monitoring

In addition to RAS limits, the Group has early warning indicators and monitoring indicators to identify the emergence of increased liquidity risk. These are calibrated based on the assumptions and liquidity risk drivers which are of relevance to the Group's business model. The liquidity limit/ EWI monitoring policy, stress testing methodologies and the risk appetite are reviewed annually.

37. RISK MANAGEMENT (CONTINUED)

37.6 LIQUIDITY RISK (CONTINUED)

Structural requirements

Maturity analysis of liabilities provides the basis for management of the Group's exposure to structural liquidity risk. The table below shows the contractual amounts of all financial liabilities and certain non-financial liabilities based on the earliest date on which the Group can be required to repay. This differs from the balance sheet carrying values, which are typically disclosed on a discounted basis. The table also includes contractual cash flows with respect to off-balance sheet items. Where cash flows are exchanged simultaneously, the net amounts have been reflected.

| 2025 | Redeemable on demand \$m | Maturing within 1 month \$m | Maturing 1-6 months \$m | Maturing 6-12 months \$m | Maturing after 12 months \$m | Total \$m |
|--|--------------------------------|--------------------------------------|----------------------------------|-----------------------------------|---------------------------------------|-----------------|
| Financial liabilities | | | | | | |
| Financial liabilities held for trading | 168.8 | 52.1 | 903.7 | 253.3 | 1,020.6 | 2,398.5 |
| Non-trading financial liabilities at fair value through profit or loss | 74.7 | 1,955.8 | 658.6 | 1,073.5 | 3,637.1 | 7,399.7 |
| Derivative financial liabilities | 191.6 | 1,970.2 | 3,607.2 | 780.9 | 817.3 | 7,367.2 |
| Deposits ¹ | 4,416.7 | 2,503.3 | 1,700.6 | 2,207.3 | 1,153.1 | 11,981.0 |
| Subordinated debt | - | - | 6.5 | 6.5 | 334.3 | 347.3 |
| Total balance sheet financial liabilities | 4,851.8 | 6,481.4 | 6,876.6 | 4,321.5 | 6,962.4 | 29,493.7 |
| Guarantees | - | - | 9.1 | 214.1 | 114.9 | 338.1 |
| Irrevocable unutilised facilities | - | - | - | 161.5 | 345.8 | 507.3 |
| Total off-balance sheet financial liabilities | - | - | 9.1 | 375.6 | 460.7 | 845.4 |
| Total financial liabilities | 4,851.8 | 6,481.4 | 6,885.7 | 4,697.1 | 7,423.1 | 30,339.1 |
| Precious metal payables | 7,250.4 | - | - | - | - | 7,250.4 |
| Total liabilities | 12,102.2 | 6,481.4 | 6,885.7 | 4,697.1 | 7,423.1 | 37,589.5 |

| 2024 | Redeemable on demand \$m | Maturing within 1 month \$m | Maturing 1-6 months \$m | Maturing 6-12 months \$m | Maturing after 12 months \$m | Total \$m |
|--|--------------------------------|--------------------------------------|----------------------------------|-----------------------------------|---------------------------------------|-----------------|
| Financial liabilities | | | | | | |
| Financial liabilities held for trading | 124.4 | 153.4 | 246.0 | 115.2 | 463.9 | 1,102.9 |
| Non-trading financial liabilities at fair value through profit or loss | 384.5 | 863.8 | 1,369.1 | 696.4 | 3,732.5 | 7,046.3 |
| Derivative financial liabilities | 116.5 | 845.0 | 1,539.1 | 659.2 | 1,035.1 | 4,194.9 |
| Deposits ¹ | 2,095.0 | 2,223.3 | 1,038.8 | 2,070.6 | 312.9 | 7,740.6 |
| Subordinated debt | - | - | 6.5 | 6.5 | 347.3 | 360.3 |
| Total balance sheet financial liabilities | 2,720.4 | 4,085.5 | 4,199.5 | 3,547.9 | 5,891.7 | 20,445.0 |
| Guarantees | - | - | - | 11.3 | 204.6 | 215.9 |
| Irrevocable unutilised facilities | 105.2 | - | - | 29.3 | 505.7 | 640.2 |
| Total off-balance sheet financial liabilities | 105.2 | - | - | 40.6 | 710.3 | 856.1 |
| Total financial liabilities | 2,825.6 | 4,085.5 | 4,199.5 | 3,588.5 | 6,602.0 | 21,301.1 |
| Precious metal payables | 4,748.6 | - | - | - | - | 4,748.6 |
| Total liabilities | 7,574.2 | 4,085.5 | 4,199.5 | 3,588.5 | 6,602.0 | 26,049.7 |

1. Includes Due to banks and other financial institutions, Repurchase agreements, and Due to customers.

37. RISK MANAGEMENT (CONTINUED)

37.7 MARKET RISK

Definition

Market risk is the risk of loss arising from potential adverse changes in the value of the Group's assets and liabilities from fluctuation in market variables including, but not limited to, interest rates, foreign exchange rates, bond and commodity prices, credit spreads and recovery rates, and correlations and implied volatilities in all of these variables.

The Group's exposure to market risk is separated into two portfolios: trading book and non-trading book.

Trading book market risk

Trading portfolios comprise positions held for the purpose of market making for clients, with the intention of short-term resale and/or to hedge risks resulting from such positions.

Non-trading market risk

Market risk arising in non-trading portfolios consists primarily of interest rate risk arising from banking book assets and liabilities, such as financial assets held at fair value through other comprehensive income and debt instruments measured at amortised cost. The assessments of such risks are covered under the 'non-traded market risk' framework.

Market risk measurement

The techniques used to measure and control market risk include:

- daily value at risk (VaR) and stressed value at risk (SVaR);
- stress tests; and
- risk factor market risk measures.

With the following techniques specific to non-traded market risk:

- economic value of equity (EVE);
- earnings adjusted economic value (EAEV); and
- annual net interest income at risk (NII).

37. RISK MANAGEMENT (CONTINUED)

37.7 MARKET RISK (CONTINUED)

Daily VaR and SVaR

VaR is a method for estimating potential losses from market risk exposure over a specified time horizon and level of confidence.

The Group uses the historical simulation approach based on potential market movements applied to the current trading portfolio, calculated with reference to market price data from the past year, with a confidence level of 99%. A holding period of one day is used for risk management purposes, while a period of 10-days is also used for regulatory VaR.

The 99% 10-day SVaR uses a similar calculation methodology to the 99% 10-day VaR. However, SVaR uses an observation window based on a continuous one-year period of financial stress for the trading portfolio. This one-year period of financial stress is selected from historical data going back to 2007, and is reviewed on at least a monthly basis.

Although a useful guide to market risk, VaR has limitations which include:

- The use of historical data as a proxy for estimating future events may not encompass all potential events, particularly those that are extreme in nature.
- The use of a one-day or 10-day holding period assumes that all positions can be liquidated or the risk offset in one day or 10-days respectively. This may not reflect the market risk arising at times of severe illiquidity, when a one-day or 10-day holding period may be insufficient to liquidate or hedge positions fully.
- The use of a 99% confidence interval, by definition, does not consider losses that might occur beyond this level of confidence.
- VaR is calculated on the basis of exposures outstanding at the close of business and, therefore, does not necessarily reflect intraday exposures.

Risk not in VaR framework

The risk not in VaR framework captures the material risks which are not covered, or not adequately covered, by VaR and SVaR. These risk factors are quantified in the RNIV framework either through a VaR-based approach or a stress test approach.

Backtesting

The Group monitors the performance of the VaR model via daily backtesting against both hypothetical and actual profit or loss. Hypothetical profit or loss estimates the daily profit or loss had the portfolio been held constant from the end of the previous trading day (it therefore excludes revenue from intra-day trading). Non-modelled items such as fees and commissions are also excluded from hypothetical profit or loss.

A backtesting exception occurs when a hypothetical or actual loss exceeds the level predicted by VaR. At a 99% confidence level, we expect two or three exceptions per year.

During the year, the Group recorded two negative backtesting exceptions. The first occurred in April, driven by market volatility following the announcement of US tariffs. The second took place in October, stemming from heightened volatility in the precious metals markets.

37. RISK MANAGEMENT (CONTINUED)

37.7 MARKET RISK (CONTINUED)

Stress tests

Stress testing provides an indication of the potential losses that could occur under extreme but plausible market conditions, including situations when longer holding periods may be required to exit positions. Potential losses in such scenarios may be much greater than the potential losses indicated by VaR.

Stress tests comprise a range of historical, hypothetical and point of weakness scenarios, across both individual risk factors and combinations of risk factors.

The risk appetite to these potential stress losses is quantified and monitored through a level 1 limit.

Other market risk measures

Other market risk measures specific to individual business units include permissible instruments, concentration of exposures, gap limits, maximum tenor and stop loss triggers.

Stop loss triggers are designed to contain losses for individual business units by requiring management intervention at predetermined loss levels measured against the individual high-water mark year-to-date profit or loss. Other risk measures specific to individual business units are also used.

New pricing models are independently documented and validated. Both annual and less frequent comprehensive reviews of existing models are performed to ensure they are still relevant and behaving within expectations.

Analysis of trading book market risk exposures

The following tables show the aggregated historical VaR and SVaR for the Group's trading positions. The maximum and minimum amounts show the bands in which the values at risk fluctuated during the periods specified.

| 2025 | 1 Day VaR ² | | | |
|---|-----------------------------|-----------------------------|----------------|-----------------|
| | Maximum ¹ \$m | Minimum ¹ \$m | Average \$m | Year end \$m |
| Commodities | 23.3 | 1.5 | 7.2 | 10.5 |
| Foreign exchange | 7.1 | 1.7 | 3.0 | 3.5 |
| Interest rate risk (general and specific) | 8.7 | 2.3 | 3.9 | 2.4 |
| Diversification benefit ⁴ | - | - | - | (5.7) |
| Total (including diversification) | 25.5 | 4.2 | 8.5 | 10.7 |

| 2025 | 10 Day VaR ³ | | | |
|---|-----------------------------|-----------------------------|----------------|-----------------|
| | Maximum ¹ \$m | Minimum ¹ \$m | Average \$m | Year end \$m |
| Commodities | 24.6 | 2.9 | 7.9 | 19.3 |
| Foreign exchange | 28.6 | 5.3 | 13.4 | 12.0 |
| Interest rate risk (general and specific) | 72.7 | 24.2 | 42.1 | 41.3 |
| Diversification benefit ⁴ | - | - | - | (21.9) |
| Total (including diversification) | 82.7 | 36.2 | 54.1 | 50.7 |

37. RISK MANAGEMENT (CONTINUED)

37.7 MARKET RISK (CONTINUED)

Analysis of trading book market risk exposures (continued)

| 2024 | 1 Day VaR ² | | | Year end \$m |
|---|-----------------------------|-----------------------------|----------------|-----------------|
| | Maximum ¹ \$m | Minimum ¹ \$m | Average \$m | |
| Commodities | 2.7 | 0.4 | 0.8 | 1.7 |
| Foreign exchange | 13.9 | 2.6 | 8.0 | 6.0 |
| Interest rate risk (general and specific) | 8.4 | 3.0 | 5.1 | 6.9 |
| Diversification benefit ⁴ | - | - | - | (6.2) |
| Total (including diversification) | 13.3 | 5.1 | 8.4 | 8.4 |

| 2024 | 10 Day VaR ³ | | | Year end \$m |
|---|-----------------------------|-----------------------------|----------------|-----------------|
| | Maximum ¹ \$m | Minimum ¹ \$m | Average \$m | |
| Commodities | 19.6 | 2.2 | 6.5 | 7.1 |
| Foreign exchange | 33.9 | 3.6 | 10.4 | 15.3 |
| Interest rate risk (general and specific) | 57.0 | 12.5 | 32.6 | 34.4 |
| Diversification benefit ⁴ | - | - | - | (21.4) |
| Total (including diversification) | 58.4 | 16.5 | 34.2 | 35.4 |

1. The maximum and minimum VaR figures reported for each market variable did not necessarily occur on the same days. As a result, the aggregate VaR will not equal the sum of the individual market VaR values, and it is inappropriate to ascribe a diversification effect to VaR when these values may have occurred on different dates.

2. Normal VaR is based on a holding period of one day and a confidence interval of 99%.

3. Stressed VaR is based on a holding period of 10-days and a confidence interval of 99%.

4. Diversification benefit is the benefit of measuring VaR for the trading portfolio as a whole, i.e. the difference between the sum of individual VaRs and measuring VaR for the whole trading portfolio.

Analysis of Non-Traded Market Risk (unaudited)

Non-traded market risk is primarily driven off Interest Rate Risk in the Banking book, as well as a contribution from Credit Spread Risk in the Banking book.

Interest Rate Risk in the Banking Book is the current or prospective risk to the Group's economic value or earnings arising from adverse movements in market interest rates. It is generated by the Group's non-traded assets and liabilities, specifically loans, deposits, and other financial instruments and liquidity assets that are not held for trading intent or to hedge positions held with trading intent.

Management of IRRBB

The Group seeks to centralise and manage IRRBB in line with the Risk Appetite Statement. ICBCS considers Credit Spread Risk in the Banking Book as an add-on to the Bank's overall IRRBB to determine the overall non-traded market risk RAS limits. CSRBB is driven by changes in market perception about the price of credit risk, liquidity premium and potentially other components of credit-risky instruments introducing price fluctuations which are not explained by IRRBB or by expected credit/jump-to-default risk.

Desired changes to a particular interest rate risk profile are achieved through modification of balance sheet exposure profiles or using derivative instruments, such as interest rate swaps or by investing in fixed income securities.

IRRBB Measurement metrics

The main analytical techniques used to quantify IRRBB are listed below:

- EVE measures changes in the net present value of equity to changes in interest rates under eight regulatory prescribed interest rate stress shocks;
- EAEV is derived from the same principles as EVE, only differing for specific adjustments applied for the equity structural hedge execution (the fixed rate assets that form part of the ESH are excluded from the EAEV assessment); and
- NII measures changes in expected potential future profitability within a given time horizon (one-year), resulting from regulatory prescribed interest rate stress shocks.

37. RISK MANAGEMENT (CONTINUED)

37.7 MARKET RISK (CONTINUED)

Equity Structural Hedge

To reduce the level of earnings volatility arising from equity positions that do not re-price with market rates, a portfolio of HQLA fixed rate bonds has been purchased under an equity structural hedge strategy. The maximum size of the hedge will be set at the lower of 80% of equity, or equity less stressed losses, derived from the ICBCS four-year capital stress scenario. The ranges set for the size and tenor of the hedge allows ALCO the flexibility to change the size and duration of the hedge in response to significant changes in performance, business model or rate environment.

At 31 December 2025 the portfolio had a weighted average life of two and a half years (2024: two and a half years) and an average yield of 4.3% (2024: 4.4%).

The ESH strategy is a systematic hedge, which entails the execution of a series of bond purchases to achieve the target size and tenor, with maturing bonds rolled over to maintain the target size and tenor. The hedging bonds are reported as debt securities held at amortised cost, and can be seen within note 10 'Financial Investments'. At 31 December 2025 the portfolio had an unrealised gain of \$16.5 million (2024: \$3.6 million loss).

The sensitivity of the portfolio value to a two hundred basis point parallel up and down shock is illustrated below. The downside shock is illustrative of the primary protection on earnings provided by the ESH, whilst the upside shock is best viewed as a potential opportunity cost versus not operating an ESH.

| 2025 | Increase in basis point | 0-3 months \$m | 3-6 months \$m | 6-12 months \$m | >12 months \$m |
|----------------------------------|--------------------------------|-----------------------|-----------------------|------------------------|--------------------------|
| 2% up (interest rate increase) | 200 | (0.3) | (0.4) | (2.2) | (62.3) |
| 2% down (interest rate decrease) | 200 | 0.3 | 0.4 | 2.3 | 66.6 |

| 2024 | Increase in basis point | 0-3 months \$m | 3-6 months \$m | 6-12 months \$m | >12 months \$m |
|----------------------------------|--------------------------------|-----------------------|-----------------------|------------------------|--------------------------|
| 2% up (interest rate increase) | 200 | (0.2) | (0.9) | (2.1) | (59.0) |
| 2% down (interest rate decrease) | 200 | 0.2 | 0.9 | 2.2 | 63.1 |

37. RISK MANAGEMENT (CONTINUED)

37.7 MARKET RISK (CONTINUED)

IRRBB Metric Detail

i. EAEV metric

EAEV is a valuations-based metric which assesses changes in the present value of all cash flows originating from banking book assets and liabilities because of pre-specified movements in market interest rates under a variety of shock scenarios.

All banking book assets (excluding the ESH fixed rate assets), liabilities and off-balance sheet items are allocated to time bands (gap intervals), based on their interest rate repricing or cash flow dates. The EAEV model calculates IRRBB by currency and applies maturity dependent post shock floors as per regulatory guidance.

The EAEV metric is computed using the following assumptions:

- A run-off balance sheet approach where maturing trades are not replaced by new business as they mature;
- Equity is excluded from the metric and the ESH portfolio; and
- All downside shocks are floored to minus one per cent and the flooring assumptions are periodically reviewed for relevance, in accordance with the regulatory guidance.

The Group primarily uses the EAEV metric for IRRBB risk management purposes and to determine economic capital requirements and RAS limit setting.

For IRRBB economic capital (Ecap) assessments:

- The most adverse EAEV shock scenario is considered; plus
- Additional non-modeled IRRBB risks and a CSRBB add-on, as determined by risk management, are included.

37. RISK MANAGEMENT (CONTINUED)

37.7 MARKET RISK (CONTINUED)

Sensitivity of EAEV to changes in interest rates

The table below indicates the sensitivity in US dollar equivalents of the Group's banking book EAEV in response to a change in interest rates, after considering all risk mitigating instruments, with all other variables held constant.

The EAEV sensitivity to a parallel 200 basis points shock up/down of interest rates at 31 December 2025 is set out below. The final sensitivity numbers below exclude IRRBB EAEV non-modelled risk add-ons and CSRBB.

| 2025 | Increase in basis point | 0-3 months \$m | 3-6 months \$m | 6-12 months \$m | >12 months \$m |
|----------------------------------|-------------------------|----------------|----------------|-----------------|----------------|
| 2% up (interest rate increase) | 200 | 5.1 | (1.5) | 0.6 | (9.7) |
| 2% down (interest rate decrease) | 200 | (4.9) | 1.6 | (0.6) | 11.2 |

| 2024 | Increase in basis point | 0-3 months \$m | 3-6 months \$m | 6-12 months \$m | >12 months \$m |
|----------------------------------|-------------------------|----------------|----------------|-----------------|----------------|
| 2% up (interest rate increase) | 200 | 8.3 | (8.2) | 4.3 | (11.4) |
| 2% down (interest rate decrease) | 200 | (8.4) | 8.3 | (4.4) | 13.1 |

ii. EVE Metric

EVE is a valuations-based metric that follows all the principles of the EAEV metric and includes all banking book assets, liabilities and off-balance sheet items. It differs from the EAEV metric in that the EVE metric includes the ESH portfolio.

The EVE metric is utilised for regulatory supervisory outlier test assessments.

iii. NII Metric

NII is an earnings-based measure, which assesses the change in expected potential future profitability resulting from prescribed movements in market interest rates under a variety of shock scenarios. NII sensitivity is calculated as the change in NII (due to rate shock scenarios) over a set observation period compared with the base scenario.

All interest-bearing products in the banking book are captured in the NII calculations. Off-balance sheet products and equity are excluded. Given the short-dated nature of the Group's balance sheet and the static balance sheet approach utilised when computing the NII metric, the metric outputs are only viewed for general risk monitoring purposes.

Foreign exchange risk

The Group's foreign exchange positions arise from mandated transaction or translational activity. All foreign exchange risk is governed by currency limits approved by MLRC in accordance with the Group's market risk policy. Currency limits are subject to review annually and foreign exchange exposures are monitored daily by the market risk function and reviewed monthly to ensure they remain within the approved risk appetite.

Net investment in foreign operations

| Functional currency | 2025 \$m | 2024 \$m |
|---------------------|----------|----------|
| Chinese Renminbi | 31.1 | 29.5 |

37. RISK MANAGEMENT (CONTINUED)

37.8 OPERATIONAL RISK (UNAUDITED)

Introduction

Operational risk exists in the natural course of business activity. The Group's approach to managing operational risk is to adopt appropriate operational risk practices that assist business line management in understanding their inherent risk and reducing their risk profile while maximising their operational performance and efficiency.

The operational risk management function is responsible for the development and maintenance of the operational risk policy, facilitating business's adoption of the framework, oversight and reporting, as well as for challenging the risk profile. ORM proactively analyses incident root causes, trends and emerging threats, advises on the remediation of potential control weaknesses and recommends best practice solutions.

The management and measurement of operational risk

The ORM framework follows a largely qualitative approach, being focused on ensuring that underlying risks are identified and managed and that the residual risk is maintained within an acceptable level, overseen by an independent operational risk function within risk management.

The ORM framework includes qualitative and quantitative (i.e. scenario analysis) methodologies and tools to assist management to identify, assess and monitor operational risks and provide management with information for determining appropriate controls and mitigating measures. The framework is based around risk and control self-assessments, key indicators, control assurance and incident reporting. Escalation criteria are in place to ensure that management action can be applied in the event that RCSAs or KIs show a level of residual risk exposure beyond that deemed acceptable and when an individual incident breaches a set materiality threshold. In addition, a loss tolerance threshold is set by senior management for aggregate losses. The Bank supplements these qualitative and quantitative approaches with stress testing and a capital model, which is used for calculating the economic capital requirements for RAS purposes.

Historical losses are reviewed to ensure that adequate management action is taken in respect of the root cause of loss and near miss incidents. Losses are recorded in the operational incident database.

Given the broad and diverse nature of the above definition of operational risk, there are specialist operational risk sub-types which are governed under specific governance standards or equivalent documents and are enforced through independent dedicated specialist functions, which include legal and compliance risk, business conduct risk, data and information technology risk, tax risk, insurance risk and environmental risk.

37.9 REPUTATIONAL RISK (UNAUDITED)

Reputational risk results from damage to the Group's public image which may impair its ability to retain and generate business. Such damage could result from a breakdown of trust, confidence or business relationships for a wide variety of reasons.

37.10 CAPITAL MANAGEMENT

The Group manages its capital resources and requirements to:

- achieve a prudent balance between maintaining capital ratios to support business strategy and depositor confidence, and providing competitive returns to shareholders; and
- ensure that its actions do not compromise sound governance and appropriate business practices and minimises any negative effect on payment capacity, liquidity or profitability.

37. RISK MANAGEMENT (CONTINUED)

37.10 CAPITAL MANAGEMENT (CONTINUED)

The Group is subject to regulation and supervision by the Prudential Regulation Authority and the Financial Conduct Authority, and forms part of the ICBC group which is supervised by the National Financial Regulatory Administration.

The Group is subject to the UK's prudential regime for banks, which implements the global regulatory standards set by the Basel Committee on Banking Supervision.

Economic capital (unaudited)

In addition to regulatory capital requirements, management also utilise more risk sensitive internal economic capital models to monitor and control the risk profile of the organisation. These cover capital adequacy as measured by the ratio of available financial resources to economic capital utilisation, which forms part of the risk appetite.

Regulatory capital

The Group maintained surplus capital over the minimum requirements prescribed by the PRA throughout the year. The total capital requirement prescribed by the PRA for the Group is 10.3% (2024: 11.0%).

Total available regulatory capital consists of the sum of two tiers:

- Tier I capital consists of the sum of common equity tier I, in the form of ordinary share capital and retained earnings less applicable regulatory deductions, and additional tier I capital instruments; and
- Tier II capital, comprises subordinated debt.

Risk-weighted assets are determined by applying prescribed risk weightings to on- and off-balance sheet exposures according to the relative credit risk of the counterparty. In addition, overall risk-weighted assets also include a notional risk weighting for market risks, counterparty risks and large exposure risks relating to trading activities.

Capital resources

The table below sets out the qualifying capital of the Group.

| | 2025 \$m | 2024 \$m |
|---|----------------|-------------|
| Common Equity Tier 1 | | |
| Paid up capital instruments | 1,083.5 | 1,083.5 |
| Reserves | 887.9 | 700.2 |
| Adjustment to retained earnings for foreseeable dividends | (61.9) | (41.8) |
| Less regulatory deductions (unaudited) | (90.0) | (65.8) |
| Total Common Equity Tier 1 | 1,819.5 | 1,676.1 |
| Additional Tier 1 | | |
| Capital instruments | 160.0 | 160.0 |
| Total Additional Tier 1 Capital | 160.0 | 160.0 |
| Total Tier 1 | 1,979.5 | 1,836.1 |
| Tier 2 | | |
| Subordinated debt instruments | 250.0 | 250.0 |
| Total Tier 2¹ | 250.0 | 250.0 |
| Total eligible capital | 2,229.5 | 2,086.1 |

1. Between the balance sheet date and the date the annual financial statements have been approved, the Group issued a further \$200.0 million of Tier 2 subordinated debt. For further details, refer to note 35.

38. ENCUMBERED ASSETS (UNAUDITED)

The Group enters into transactions in the normal course of business by which it transfers recognised financial assets or commodity assets directly to third parties. These transfers may give rise to full or partial derecognition of the assets concerned. Where the Group has retained substantially all of the risks and rewards associated with the transferred assets, it continues to recognise those assets.

An asset is defined as encumbered if it has been pledged as collateral against an existing liability or used to secure, collateralise or credit enhance a transaction, which impacts its transferability and free use, and, as a result, it is no longer available to the Group to secure funding, satisfy collateral needs or be sold to reduce funding requirements.

The Group is required to provide cash and/or securities margin placements with counterparties and clearing houses as part of its normal trading activities. These transactions are conducted under standard SIFMA/ICMA commissioned Global Master Repurchase Agreement terms and conditions.

Total encumbered assets inclusive of both pledged assets and cash margin placements at 31 December 2025 were \$4,502.0 million (2024: \$2,876.8 million).

39. COLLATERAL ACCEPTED AS SECURITY FOR ASSETS

As part of the Group's financing activities, it receives securities, other financial assets (excluding cash) and commodity assets that it is allowed to sell or repledge. Although the Group is obliged to return equivalent securities or other assets, the risks and rewards associated with those assets remain with the external counterparty and the securities or other assets are not recognised on the Group's balance sheet.

At 31 December 2025, the fair value of securities, other financial assets (excluding cash) and commodity assets accepted as collateral that the Group is permitted to sell or re-pledge in the absence of default is \$6,345.1 million (2024: \$4,752.9 million). In addition, the Group held cash collateral of \$2,802.3 million at that date (2024: \$958.7 million). The fair value of financial assets accepted as collateral that have been sold or re-pledged at 31 December 2025 is \$681.1 million (2024: \$406.1 million). These transactions are conducted under standard SIFMA/ICMA commissioned GMRA/ISDA/FOA master agreement terms and conditions as well as requirements determined by exchanges where the Group acts as intermediary.

40. ULTIMATE HOLDING COMPANY

The Company's ultimate parent and controlling party is Industrial and Commercial Bank of China Limited, a company incorporated in the People's Republic of China. The smallest and largest group into which the results of the Company are consolidated is that headed by ICBC Limited. Copies of the group accounts of ICBC Limited may be obtained from its website at the address below or from investor relations at the following address:

Industrial and Commercial Bank of China Limited
No. 55 Fuxingmennei Avenue
Xicheng District
Beijing 100140
The People's Republic of China

For more information on ICBC Group, please visit www.icbc.com.cn

ACRONYMS AND ABBREVIATIONS

| | | | |
|---------|--|-------|---|
| AI | Artificial Intelligence | ILG | Individual liquidity guidance |
| ASF | Available stable funding | IMF | International Monetary Fund |
| BAC | Board audit committee | INED | Independent Non-Executive Director |
| BRMC | Board risk management committee | IPV | Independent price verification |
| BS&R | Business support and recovery | IRRBB | Interest rate risk in the banking book |
| CEO | Chief Executive Officer | ISDA | International Swaps and Derivatives Association |
| CET1 | Common equity tier 1 | ISSB | International Sustainability Standards Board |
| CFO | Chief Financial Officer | IST | Internal stress test |
| CLAG | Credit Limit Appetite Guideline | KIs | Key indicators |
| Company | ICBC Standard Bank Plc | KPI | Key performance indicator |
| CRO | Chief Risk Officer | LCR | Liquidity coverage ratio |
| CSA | Credit support annex | LGD | Loss given default |
| CSRBB | Credit spread risk in the banking book | MHP | Mixed Hydroxide Precipitate |
| CVA | Credit valuation adjustment | MLRC | Market and liquidity risk committee |
| DAPS | Disaster and Policy Stagnation | MRT | Material risk taker |
| DCF | Discounted cash flow | NFRA | National Financial Regulatory Administration |
| DCM | Debt Capital Markets | NGFS | Network for Greening the Financial System |
| DVA | Debit valuation adjustment | NII | Net Interest Income |
| EAD | Exposure at default | NSFR | Net stable funding ratio |
| EAEV | Earnings Adjusted Economic Value | OCI | Other comprehensive income |
| Ecap | Economic capital | OE | Oxford Economics |
| ECL | Expected credit loss | OPEC | Organization of the Petroleum Exporting Countries |
| ED&I | Equality, Diversity and inclusion | ORM | Operational risk management |
| EL | Expected Loss | OTC | Over-the-counter |
| EM | Emerging markets | PD | Probability of default |
| ESG | Environmental, Social and Governance | PIT | Point-in-time |
| ESH | Equity Structural Hedge | POCI | Purchased or Originated Credit Impaired |
| EVE | Economic value of equity | PRA | Prudential Regulation Authority |
| EVP | Employee Value Proposition | RAS | Risk appetite statement |
| EWI | Early warning indicator | RCSA | Risk control self assessment |
| FCA | Financial Conduct Authority | Remco | Remuneration and People committee |
| FIC | Fixed Income and Currencies | RMC | Risk management committee |
| FOA | Futures and Options Association | RNIV | Risk not in VaR |
| FVA | Funding valuation adjustment | RSF | Required stable funding |
| FVOCI | Fair value through other comprehensive income | RWA | Risk weighted assets |
| FVTPL | Fair value through profit or loss | SACC | South African Competition Commission |
| GHG | Greenhouse gases | SBG | Standard Bank Group Limited |
| GMRA | Global Master Repurchase Agreement | SBLC | Standby Letter of Credit |
| Group | ICBC Standard Bank Plc and its subsidiaries | SECR | Streamlined Energy and Carbon Reporting |
| HLBA | Historical Look Back Approach | SHA | Shareholder agreement |
| HMRC | His Majesty's Revenue and Customs | SIFMA | Securities Industry and Financial Markets Association |
| HQLA | High quality liquid asset | SOFR | Secured overnight financing rate |
| IAM | Integrated Assessment Models | S&P | Standard and Poor |
| IAS | International Accounting Standards | SPPI | Solely payments of principal and interest |
| IASB | International Accounting Standards Board | SVaR | Stressed Value-at-risk |
| ICAAP | Internal capital adequacy assessment process | SWUC | Sudden Wake Up Call |
| ICBC | Industrial and Commercial Bank of China Limited | TCFD | Task Force on Climate-Related Financial Disclosures |
| ICBCS | ICBC Standard Bank Plc | VaR | Value-at-risk |
| ICMA | International Capital Market Association | VAT | Value added tax |
| IFRS | International Financial Reporting Standards | WWR | Wrong way risk |
| ILAAP | Individual liquidity adequacy assessment process | | |

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