

A photograph of the London skyline across a body of water, featuring a bridge with red double-decker buses and various boats. The scene is partially obscured by a large yellow semi-circle and a green square. The text 'Report & Accounts 2025' is printed in black on the yellow semi-circle.

Report & Accounts 2025

UNITED TRUST BANK LIMITED
Registration Number: 549690

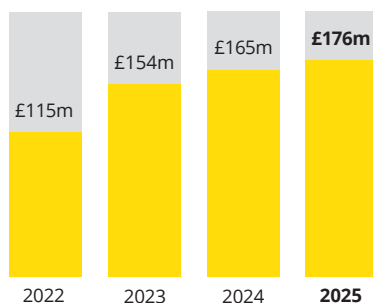


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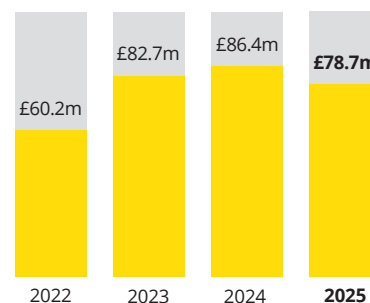
2025 Key Performance Indicators

£176m Operating Income



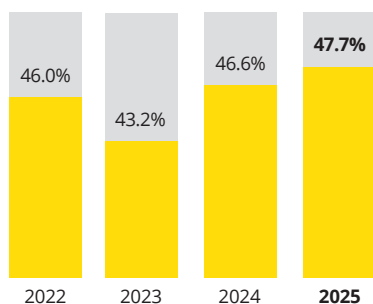
Loan book growth drove a 7% rise in operating income

£78.7m Profit Before Tax



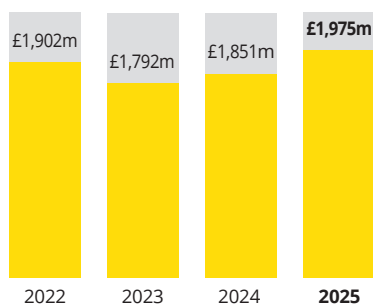
Operating profit before provisions rose 5%, while a higher cost of risk reduced profit before tax

47.7% Cost Income Ratio



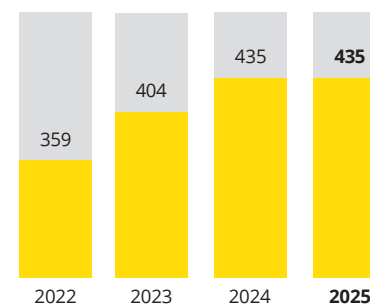
Increase driven by investment in technology, talent and innovation, strengthening our position for further growth

£1,975m Gross New Lending



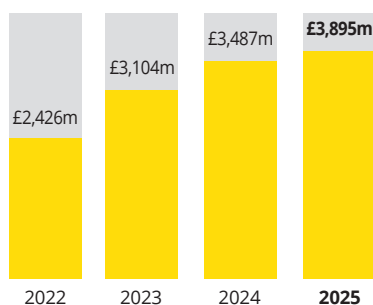
Successful strategic initiatives supported origination growth of 7% despite a subdued housing market

435 Staff Numbers



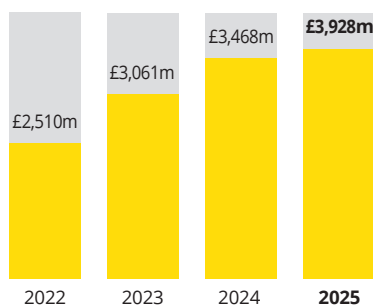
Staff numbers remained stable as we prioritised cost efficiency and optimised team structures

£3,895m Loan Book



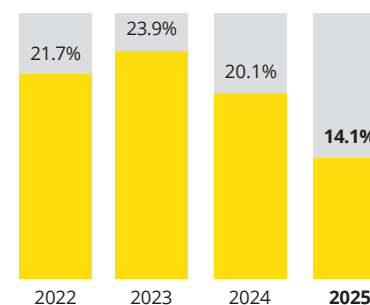
Loan book grew 12% in 2025, despite challenging market conditions and high levels of repayments

£3,928m Deposit Book¹



Funding grew 13% driven by a 13% rise in customer deposits reflecting diversification of the funding base

14.1% Return on Equity²



Reflects lower profitability and strengthening equity base following strategic capital transactions

¹ Includes Bank of England funding schemes

² Return on Equity is calculated net of the coupon paid on contingent convertible securities

Chair's Report

2025 was marked by a complex economic backdrop for the UK, shaped by global trade tensions following U.S. tariff measures and domestic uncertainty ahead of the Autumn Budget. While inflation eased in the second half of the year and UK GDP growth remained modest, high interest rates and subdued consumer confidence weighed on the housing market. Despite these headwinds, United Trust Bank ("UTB", "the Bank") responded decisively, using its specialist approach to navigate volatility, identify opportunities and support customers.

UTB's financial performance in 2025 reflects the strength of its specialist lending model, the dedication of its team and the commitment to disciplined growth and innovation. The Bank achieved 5% growth in operating profit before impairment charges to £92.3m and grew its loan book by 12%, in a more competitive and slower market. During the year, the Bank further strengthened its capital position and welcomed Warburg Pincus as a new shareholder of the Bank's parent company UTB Partners Plc ("UTBP"). UTB is already benefiting from their expertise and strategic network. UTB significantly enhanced its deposit franchise and broadened its lending proposition. However, falling interest rates and heightened competition contributed to significant margin compression, and higher provision levels led to a decrease in profit before tax to £78.7m. These factors, combined with a larger capital base, moderated the Bank's return on equity to 14.1%. UTB continues to invest in technology, talent and product innovation, positioning the Bank to enhance customer experience, scale efficiently and target specialist market segments.

During 2025, we saw changes to the Board's composition. We were pleased to welcome Michael Thompson as a Non-Executive Director. Michael represents Warburg Pincus and brings significant relevant experience and a perspective that will support the Board in guiding UTB through its next phase of growth. We extend our gratitude to both Andrew Herd and Maria Harris, who stepped down as Non-Executive Directors. Andrew's significant contribution and commercial approach were instrumental in shaping UTB's growth and success, and we are fortunate he will continue to serve on the Board of UTBP. Maria has helped strengthen UTB's strategic direction and digital capabilities, drawing on her significant expertise in the mortgage industry and FinTech sector. We appreciate her dedication and contribution during her tenure.

I am proud that our distinctive culture continues to thrive, with employees demonstrating exceptional dedication to supporting customers, clients, partners and one another, living the values that define our organisation. Our employees' professionalism and commitment remain central to UTB's success. On behalf of the Board, I would like to thank them for their hard work and dedication. With a strengthened capital base, the support of our new shareholder, and a clear strategic direction, UTB is well positioned to deliver disciplined growth, enhance customer experience, and create enduring returns for stakeholders in 2026 and beyond.



Richard Murley
Chair
26 February 2026

Chief Executive Officer's Report

In 2025, UTB delivered growth in lending against a backdrop of persistent inflation, subdued consumer confidence, a slow housing market and increased competition. These resulted in difficult trading conditions which tested the market but also highlighted the strength of UTB's specialist model and customer relationships. Through 2025 UTB increased its capital base, accelerated digital transformation, developed its brand and achieved modest growth in operating profits. The Bank's priorities remain clear: to support customers, leverage its reputation and further develop its platform for sustainable, long term success, that builds on its consistent track record of delivery. None of this would have been possible without the dedication, expertise and commitment of our people, whose efforts continue to drive UTB forward.

In March 2025, Warburg Pincus became a shareholder of the Bank's parent UTBP, marking an important milestone. Their global expertise and long-term perspective have already made a positive impact, helping to shape strategic initiatives that will accelerate our growth as we expand into new specialist products and market segments. Alongside this, the Bank issued £50m of Additional Tier 1 capital, via UTBP, to a number of leading institutional investors. This additional capital will support our growth ambitions through 2026 and beyond.

In the year, we saw a substantial increase in activity and lending volumes in our Asset Finance division, reflecting our strong proposition, resilient demand, new digital platform and strong broker engagement.

Performance

Given market conditions, UTB managed credit appetite carefully and delivered 7% growth in new lending and loan book growth of 12%, to just under £3.9bn. This performance underlines UTB's ability to deliver growth in challenging conditions and provides a solid platform to accelerate momentum in future years. Total assets increased to £4.45bn. Operating income rose 7% to £176m, reflecting margin compression due to competition in subdued lending markets and persistently high savings rates. Operating profit before impairment charges increased 5% to £92.3m while profit before tax decreased to £78.7m reflecting a higher cost of risk.

Our Mortgages business achieved good loan book growth overall, led by a number of new initiatives. While competition and pricing pressures impacted second charge and buy-to-let volumes, our continued digitalisation and strategic focus on quality lending, first-time buyers and professional landlords, positions us well for sustainable growth in 2026. The Bank merged its Mortgages and Bridging divisions during the year to increase collaboration between their sales teams and unify the broker facing technology platform, laying the foundations for future growth.

In the year, we saw a substantial increase in activity and lending volumes in our Asset Finance division, reflecting an attractive proposition, resilient demand, new digital platform and effective broker engagement. Building on this momentum, we launched Stance Asset Finance in early 2026. Powered by UTB's existing platform, Stance will work closely with brokers through dedicated sales and underwriting teams and will broaden our support for SMEs across the UK.

Our Property Finance businesses achieved an increase in lending balances despite higher repayments and a subdued housing market with lower demand. Origination activity and the development of our Living sector proposition are expected to drive further growth in the year ahead. We continue to build on this momentum through consistent hiring of experienced people and refinement of our product proposition.

The loan book growth was funded by a corresponding growth in deposit balances, with new funding primarily sourced from retail, business and charity savings markets, complemented by limited wholesale funding through the Bank of England's schemes. In January 2025, we fully repaid the remaining £50m of drawings from the Term Funding Scheme with additional incentives for SMEs ("TFSME"), nine months ahead of maturity, and have since made modest drawings from the Indexed Long-Term Repo ("ILTR") facility. Throughout the year, we expanded activity across the ISA, SME and charity markets and launched a new easy access savings account, together with a new deposit platform for onboarding all types of customers. This platform provides the Bank with a significant advantage in raising diversified funding. 75% of our deposit customers now utilise online banking. Total customer deposit balances increased by 13% to £3.8bn (2024: £3.4bn), with a higher proportion now covered by Financial Services Compensation scheme ("FSCS") protection, following the increase in the limit to £120k.

In 2025, we made further investments in technology to support future growth, scalability, resilience and deliver an exceptional customer experience. We introduced new digital capabilities, including a dedicated deposit portal for SMEs, charities and trusts; enhanced our asset finance, mortgages and deposit platforms to make interactions simpler and faster; and invested in our core technology infrastructure, enhancing performance and resilience.

Risks and Uncertainties

Throughout 2025, the UK economy faced an uncertain outlook, with easing inflation in the second half of the year and modest growth tempered by persistent financial pressures. While the Bank of England reduced the base rate to 3.75% by year-end, deposit rates remained elevated for longer than lending rates throughout the year, creating sustained margin pressure. Uncertainty around the trajectory of future rate cuts combined with a subdued housing market continued to challenge lenders. Alongside these conditions, geopolitical tensions, regulatory change and increasing competition in specialist markets demanded agility and careful execution. UTB responded by managing credit appetite, increasing capital strength, enhancing operational resilience and continuing to support customers. Credit risk remains a key area of focus. After a period of relatively

low provisions, the combined impact of higher interest rates, a slower sales market and sustained construction related inflation has resulted in an increased cost of risk for the Bank. At the same time, the industry has seen a rise in cyber threats, prompting UTB to further strengthen its defences through significant investment in advanced security measures, resilience testing and staff training. Building on this, we continued to enhance operational resilience in 2025 by improving recovery capabilities, embedding third-party risk management and refining payments governance.

Our continued investment in technology, governance and specialist expertise ensures we remain well positioned to adapt to evolving market conditions and deliver long-term value for stakeholders.

Despite these uncertainties, UTB's strong capital position, diversified funding base, ongoing investment and disciplined governance and risk management provide resilience and flexibility to navigate volatility, support growth and deliver long-term value for stakeholders.

Commitment to a Sustainable Future

Sustainability remains central to UTB's long-term strategy, and we recognise the importance of addressing climate-related risks in line with regulatory expectations. While progress to date has been measured, we have taken important steps. In 2026, our focus will be on strengthening climate-related data and integrating this into our risk management framework, in line with the PRA's updated supervisory statement issued in December 2025. This work will support UTB in meeting future regulatory requirements and transitioning to a low-carbon economy. Further details can be found on pages 16 to 17.

We remain committed to fostering an inclusive culture where every colleague feels valued and respected. In 2025, we continued to strengthen our Diversity and Inclusion initiatives, guided by principles that recognise individual contributions, promote dignity and respect, and ensure equal access to development opportunities. Throughout the year, we enhanced diversity and inclusivity training and celebrated key moments such as Pride and International Women's Day, affirming that equality is central to our culture and responsibilities as an organisation. These efforts reflect our ongoing commitment to building a workplace where everyone can thrive.

Supporting communities and driving positive change remains central to our approach. This year, colleagues dedicated time and energy to volunteering with organisations such as Whitechapel Mission, ThinkForward and Food Bank Aid, and took on fundraising challenges that helped raise over £60,000 through UTB Community. These activities show our values in action and

our commitment to making a positive contribution to the community.

Customers

Our customers remain at the heart of everything the Bank does, and in 2025 the Bank continued to deliver exceptional service and outcomes across all areas. The Bank achieved an outstanding Trustpilot score of 4.7, reflecting its commitment to putting customers first. The Bank was proud to receive 24 prestigious industry awards and highly commended recognitions, reinforcing UTB's reputation for excellence and reliability.

The Bank's Customer Experience Committee ensures the customer's voice is represented and championed across the organisation. During 2025, the Bank further embedded the FCA's Consumer Duty requirements into its operations, placing fair value, transparency and good outcomes at the heart of its approach. Emphasis is also given to supporting vulnerable customers, with enhanced processes and training to ensure their needs are met with care and consideration.

These actions and commitments demonstrate the Bank's focus on customer experience. As the Bank looks ahead, it will continue to innovate and enhance its services, ensuring UTB remains a trusted partner for customers and a leader in delivering outstanding outcomes.

People

Our people continue to be the driving force behind UTB's achievements. The Bank deliberately kept headcount stable through 2025, while optimising team structures for future growth and strengthening its leadership team with some exceptional new hires.

The Bank conducted its annual employee engagement survey during the year, and I am delighted that engagement results reflect the commitment and pride our people have in UTB.



The Bank launched a compelling new Employee Value Proposition and enhanced its employee benefits in 2025: increasing paid family leave, introducing a mini sabbatical option, improving pensions and increasing flexibility in working arrangements. Wellbeing remains a core priority and the Bank continues to encourage colleagues to take two wellbeing days each year to focus on themselves and loved ones.

These initiatives, combined with the passion, dedication and talents of our people, ensure UTB attracts and retains the very best people who can thrive and grow at the Bank and drive its next chapter of growth and innovation.

Outlook

The Bank enters 2026 with good momentum. While the external environment remains uncertain and the housing market remains subdued, we see opportunities in our chosen specialist markets. With a robust capital position, enhanced digital and data capabilities, and a clear strategy, UTB is well placed to build on its success, delivering disciplined growth and attractive returns for our shareholders.

I would like to thank our talented and committed employees, as well as the Board of UTB, for their continued hard work, resilience, growth and innovation over the past year. UTB is a business I am proud of, driven and shaped by the colleagues who help build it.

More information on the Bank's strategy can be seen throughout the rest of the Strategic Report on pages 8 to 17.



A handwritten signature in black ink, appearing to read 'Harley Kagan'.

Harley Kagan
Chief Executive Officer
26 February 2026



Business Model

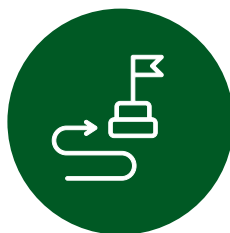
Principal activities and business model

What we do

United Trust Bank operates exclusively in the UK as a regulated credit institution. The Bank raises capital and deposits and deploys these funds to support borrowers across carefully selected market segments.

The Bank is authorised by the Prudential Regulation Authority and regulated by both the Financial Conduct Authority and the Prudential Regulation Authority, ensuring robust governance and compliance with UK regulatory standards.

UTB's strategic focus is on building and applying deep expertise in specialist markets where its position is strong and sustainable, and where there are attractive opportunities for disciplined growth.



Purpose

The Bank's purpose is to deliver solutions that enable customers to achieve their ambitions and create an environment where people thrive.

Vision

The Bank's vision is to be a respected, resilient, and profitable specialist bank that employs outstanding people and balances an enterprising, innovative spirit with a commitment to long-term sustainable growth.



Culture

The Bank's values (responsible, team player, integrity, tenacious, and customer-centric) are at the heart of everything the Bank does. Its cultural framework promotes a "one team" approach through ownership, collaboration, seeking opportunities, and valuing others. The Bank actively promotes and supports diversity and inclusion at all levels.



Strategic Priorities

UTB's strategic priorities shape and evolve the Bank's business model, enabling it to adapt to changes and expectations in the external operating environment. Further details on these priorities and progress made in 2025 are set out on pages 10 to 11.





Strategic Priorities

The Bank's strategic priorities continue to provide a clear focus on executing the fundamentals and leveraging our strengths to deliver sustainable growth. During the year, we completed the Warburg Pincus investment and institutional Additional Tier 1 capital raise, which together strengthened our capital base and increased the capacity for future expansion. While these, combined with higher provisions reduced ROE, operating profit before impairment charges grew by 5% to £92m, demonstrating strong underlying performance and disciplined cost management.

Brand Reputation

Build a brand and culture to be proud of

- Deployed UTB new branding through new presence, improving website design, customer journeys and campaign assets to deliver a more engaging and intuitive online experience.
- Achieved an outstanding Trustpilot score of 4.7 by consistently putting customers first.
- Secured 24 prestigious industry awards and highly commended recognitions.
- Elevating the Bank's role in local communities through sponsorships, partnerships, and CSR initiatives.



People

Recruit, develop and retain the best people and ensure they flourish

- Managed UTB culture to strengthen colleague engagement through clear values, improved communication channels, and initiatives that reinforce collaboration, accountability and a positive colleague experience.
- Introduced a compelling Employee Value Proposition to attract and retain exceptional talent with a focus on enhanced benefits and rewards with extended family leave, new sabbatical options, and improved pension.
- Empowered colleagues to achieve external professional qualifications such as ACCA, CeMAP Mortgages, CPSP, and CBI Professional Banking.



Considered Growth

Build a strong niche specialist banking franchise by considered growth in originations

- Completed the Warburg Pincus transaction in March 2025, strengthening the Bank's capital structure and long-term resilience.
- Successfully raised £50 million of AT1 capital with significant institutional investors via our parent holding company, UTB Partners Plc, bolstering our capital structure to enable strategic initiatives and support growth.
- Expanded our market proposition in Structured Property Solutions and Property Development, launching new products and services in the Strategic Partnerships and Co-Living sectors.
- Successfully relaunched our specialist first charge residential mortgage proposition leveraging investment in credit scoring capability.
- Asset Finance continued to deliver strong growth through ongoing investment in sector specialism and sales distribution and on the back of Block Finance loan book growth.



Customer Focus

Improve customer experience and good outcomes through strong relationships

- Delivered organic growth in lending while continuing to support our customers through the economic cycle.
- Successful launch of Easy Access and Trust propositions, providing customers with greater flexibility and more choice, supporting growth in deposits.
- Launched a dedicated portal for SME, Charities and Trusts deposit customers to improve customer access and experience.
- Enhanced digital channels for faster onboarding and improved accessibility, alongside better identification and support for vulnerable customers
- Reduction in response times and faster decision-making through process automation and streamlined workflows.



Credit Quality

Maintain excellent credit quality and our conservative foundations

- Expanded the credit team, adding experience and skills to support product diversification, delegated authority, and new initiatives.
- Reviewed macroeconomic and regulatory changes, adapting credit appetite as needed.
- Prioritised managing credit risk appetite and returns above growth and increasing market share.



Digital Strategy

Build a scalable user-friendly technology platform that enables growth

- Enhanced mortgage and deposit services through new digital capabilities, including broker connectivity, improved product options, and self-service tools to streamline customer experience.
- Upgraded core infrastructure with new hosting, firewall and network capabilities to improve resilience and security, and further enhanced the Bank's data warehouse.
- Delivered over 600 incremental system enhancements, an 8% increase year-on-year, reflecting our commitment to continuous improvement.
- Implemented a new integration layer to improve connectivity between systems and support future scalability



Diversified Funding

Diversify the Bank's funding to enhance NIM

- Introduced Easy Access Accounts, now representing c.10% of the deposit book, improving flexibility and customer engagement.
- Launched SME, Charity, and Trust Banking propositions, broadening the customer base and strengthening relationship-driven deposits.
- Targeted marketing and distribution strategies to attract lower-cost deposit products, reducing overall cost of funds and improving margin resilience.
- Enhanced treasury capability and experience, enabling greater diversification and proactive management of liquidity and interest rate risk.



Financial Overview

Review of results

Operating income rose by 7% to £176m (2024: £165m), underscoring the Bank's ability to deliver growth in a challenging economic environment. The year was characterised by margin compression, as lending rates fell faster than deposit rates. The Bank mitigated these effects through disciplined pricing, targeted product focus, combined with prudent balance sheet management. Elevated customer repayments tempered loan book growth; but were not unwelcome given the economic context.

Operating expenses before provisions increased by 9% to £84.1m, driven by significant investment in technology, talent and innovation all oriented to support growth in 2026 and beyond. As a result of this investment, margin compression and persistently high inflation, the cost-income ratio rose to 47.7% (2024: 46.6%). Operating profit before impairment charges was £92.3m (2024: £88.0m) while profit before tax decreased to £78.7m (2024: £86.4m). Impairment charges increased to £13.6m (2024: £1.7m), concentrated within a small cohort of property loans. Consequently, the Bank's cost of risk (being the impairment charges for the year divided by the average loan balance over the year) rose to 37bps (2024: 5bps)

Total assets grew by 14% to £4.45bn (2024: £3.91bn), supported by £1.98bn of gross new lending, driving 12% loan book growth. Total liabilities increased by 12% to £3.98bn (2024: £3.55bn), primarily due to a £441m increase in retail customer deposits to fund loan book expansion.

Total capital and reserves (excluding contingent convertible securities) increased by 18% to £407m (2024: £346m), reflecting the level of retained profit in the year and the investment from Warburg Pincus. Return on average equity was 14.1% (2024: 20.1%), due to moderate growth, margin compression, the impact of an increased capital base and increased provisions.

Tax Contribution

Appropriate and transparent tax behaviour remains a key component of the Bank's corporate responsibilities. Through strong governance, controls and procedures, the Bank seeks to pay the right amount of tax at the right time and to maintain its reputation as a fair contributor to the UK economy. The Bank follows the HMRC Code of Practice for Taxation on Banks and is governed by HMRC's Senior Accounting Officer ("SAO") regime, which requires the Chief Financial Officer, as the appointed SAO, to attest to the establishment and maintenance of appropriate tax accounting arrangements.

The Bank's tax expense was £18.0m (2024: £20.6m), which corresponds to an effective tax rate of 22.9% (2024: 23.8%). Further details are provided in note 5. The Bank's tax contribution reflects its commitment to supporting the UK economy and operating responsibly within the financial services sector.

The table below shows the Bank's tax contribution:

	2025 £m	2024 £m
Corporation tax paid	17.9	21.7
Employee related taxes paid (income tax and employee's and employer's national insurance contributions)	29.7	17.3
	47.6	39.0
Percent of Operating Income	27.0%	23.6%

Treasury and Funding

The Bank's funding continues to be primarily sourced from the retail, business and charity savings markets, complemented by a small amount of wholesale funding through the Bank of England's ILTR. In January 2025, the Bank fully repaid the remaining £50m TFSME exposure nine months ahead of its contractual maturity.

During the year, the Bank increased activity in the ISA, SME and charity markets and launched a new easy access savings account. The Bank's SME deposit solutions business also grew during the year as the Bank's reputation in this marketplace spread further. Total customer deposit balances increased by 13% to £3.8bn (2024: £3.4bn) across 73,000 accounts. The proportion of aggregate deposit balances covered by the FSCS scheme was over 86%.

Operating profit before impairment charges was £92.3m (2024: £88.0m).

The Bank's increased liquidity reserves, including its liquidity buffer, are held at the Bank of England ("BoE") and in UK Government-issued debt, while operational balances are maintained with UK clearing banks. The Bank continues to use swaps to hedge interest rate risk and, during the year, recognised £1.7m (2024: £2.8m) of net interest income from swaps, with associated costs included in Other Charges in the Income Statement.

Capital Management

The Bank's Common Equity Tier 1 ("CET1") ratio was 14.0% (2024: 13.0%) at the end of the year, and its Total Capital Ratio was 17.4% (2024: 15.9%), comfortably exceeding the Bank's Total Capital Requirement ("TCR") (excluding regulatory buffers) of 9.96% (2024: 9.24%). The Bank actively manages its capital resources to maintain appropriate levels of surplus capital.

In March 2025, the Warburg Pincus minority equity investment in UTBP completed. Additionally, in February 2025, the Bank issued £50m of Additional Tier 1 capital, via UTBP, to a pool of institutional investors. The Warburg Pincus investment and the Additional Tier 1 issuance further bolster the Bank's capital base and provide capital for growth. This enabled the Bank to exercise its call option on £20m Tier 2 loan notes in April 2025 and £9m of Tier 2 loan notes in December 2025, reflecting proactive capital management and cost optimisation.

The Financial Policy Committee of the Bank of England increased the Countercyclical Capital Buffer ("CCyB") requirement to 2% in July 2023 and it remains at this level. The CCyB is in addition to the Capital Conservation Buffer of 2.5%. These buffers apply to all banks in the UK. At the end of 2025, the total amount of capital committed to these buffers by the Bank was £125m (2024: £114m).

Principal risks and uncertainties

The Bank classifies the risks it faces into various categories. Further detail on these categories, and the Bank's approach to risk management, can be found in the Risk Management Report set out on pages 30 to 38.



Section 172

Matters considered when promoting the success of the Bank
Under Section 172(1) of the Companies Act 2006, the directors of UTB are required to consider a broad range of stakeholders when performing their duty to promote the success of the Bank. This section explains how the directors apply this duty and take stakeholder interests into account in their decision-making.

UTB has a strong track record of creating value and delivering positive outcomes for all stakeholders. The directors work hard to understand and meet stakeholder needs, engaging regularly and adapting the Bank's services and propositions. The Bank remains focused on sustainable growth in market segments under-served by larger banks, maintaining strong relationships and delivering lasting value to stakeholders.

Section 172 considerations are embedded in the Bank's governance and decision-making processes at Board and Executive level. The Board's Terms of Reference and Schedule of

Matters Reserved for the Board highlight the importance of these factors in strategic decisions.

The Board is responsible for setting and overseeing the Bank's values, purpose and strategic priorities, all of which are centred on stakeholders' interests. Directors engage with stakeholders directly and through the executive management team, ensuring effective regard to the matters set out in Section 172. While some decisions may affect stakeholder groups differently, the Board seeks to treat all impacted groups fairly. Details of the Board's key activities during the year are provided on page 23 of the Corporate Governance Report.

The following section outlines the Bank's key stakeholders, significant Board decisions made during the year, and how stakeholder interests were considered and engaged with throughout these processes. It also explains the long-term value these decisions are expected to deliver. All Board decisions are made within the regulatory context.

Stakeholders

Employees

As at 31 December 2025, the Bank employed 435 people, consistent with the prior year. This reflects our focus on cost efficiency and optimising team structures, ensuring colleagues are in roles aligned to their skills and strengths. By matching talent to business needs, we maintain a motivated workforce committed to delivering excellent outcomes for customers, clients and partners.

Stakeholder Engagement

The directors recognise that meaningful engagement is vital to attracting, developing, and retaining a diverse, high-calibre workforce and ensuring colleagues remain motivated and aligned with the Bank's purpose and values. Engagement is embedded throughout the year through initiatives such as:

- **Enhancing the Colleague Experience:** The Bank introduced an Employee Value Proposition designed to enhance the colleague experience, supported by a renewed and more competitive benefits offering. The EVP was shaped through meaningful colleague engagement, using feedback from surveys and ongoing dialogue to ensure it reflects the needs and priorities of employees.
- **Listening to Our People:** A pulse survey inviting anonymous feedback provided insights into employee experience, workplace culture, inclusion and confidence to speak up. The findings from the survey have informed actions to strengthen engagement and improve the working environment.
- **Building Connections:** The Bank maintains open dialogue with employees through Town Halls, Q&A sessions, focus groups, and business forums. New joiners are welcomed via tailored induction programmes and social events such as welcome lunches, employee networks, mentoring schemes and coffee catchups. We also host recognition events and knowledge-sharing sessions to celebrate achievements and foster collaboration, trust, and transparency.

Key Decisions

- **Warburg Pincus Investment:** In 2025, the Bank completed the Warburg Pincus investment, providing liquidity for employee shareholders and option holders. Colleagues were considered throughout, with clear communication on the process and participation options, enabling them to realise value from their long term contribution.
- **Enhancing Collaboration and Capability:** This year, the Bank brought Bridging Finance and Mortgages under common management. Colleagues were closely engaged through transparent interaction and consultation. The restructure created a more integrated division with a shared broker portal, supports career progression, and strengthens the Bank's ability to improve service and grow market share.
- **Succession Planning:** In 2025, the Bank strengthened its succession planning to support leadership continuity and long term growth. Colleagues were considered through transparent communication and development initiatives, providing clarity on career pathways and progression.

Customers, Clients and Partners

UTB places customers, clients and partners at the centre of everything the Bank does. The Bank is committed to understanding their needs and delivering clear, fair and responsive solutions. Regular dialogue and feedback ensure customer insight shapes decisions, while investment in people and technology enables flexible services that adapt to change and uphold the highest standards of trust.

Stakeholder Engagement

The Bank serves a diverse base of customers, clients and partners throughout the UK. Its ability to deliver sustainable growth relies on strong relationships, specialist knowledge and a consistent commitment to service excellence. Engagement takes many forms, including regular consultations, feedback initiatives and collaborative forums designed to understand evolving needs and enhance the customer experience. Some examples of engagement include:

- **Voice of the Customer:** Feedback is gathered through surveys, complaints analysis, and customer interviews, enabling the Bank to refine customer journeys and offerings and deliver better outcomes.
- **Supporting Vulnerable Customers:** The Bank supports its approach to vulnerable customers through a dedicated forum and collaborative discussions, complemented by specialist training and improved processes to ensure tailored support.
- **Enhancing Accessibility:** Initiatives such as introducing a complimentary customer helpline, an updated support webpage, and standardised net promoter score surveys make it easier for customers to interact and share their views.

Key Decisions

- **Product Innovation and Accessibility:** Customer demand for flexibility and choice guided the launch of Easy Access and Trust propositions, while feedback from SMEs, Charities, and Trusts led to a dedicated portal to improve digital access and overall experience.
- **Brand Development for Customer Needs:** Engagement with brokers and SMEs highlighted the need for tailored solutions, driving the decision to launch Stance Asset Finance. This initiative will broaden support for business customers through enhanced choice, technology-driven service, and dedicated teams.
- **Customer Experience and Governance:** The Bank expanded the role of its Customer Experience Committee, using feedback and complaints analysis to improve customer outcomes and embed Consumer Duty principles for fair and transparent service.

Regulators

UTB fosters a culture that upholds the highest standards of compliance and ethical conduct, both within the Bank and in its dealings with external stakeholders. As a regulated institution entrusted with customer deposits, the Bank's business model is underpinned by safety, soundness and strict adherence to all applicable regulatory requirements.

Stakeholder Engagement

The Bank maintains an open and proactive dialogue with the Prudential Regulation Authority ("PRA") and the Financial Conduct Authority ("FCA"), and engages constructively with HMRC to ensure alignment with relevant regulatory frameworks:

- **Regulatory engagement:** Directors and employees remain informed about current and emerging regulations through active engagement with regulators, industry bodies and specialist advisors. This includes participation in seminars, online forums, written briefings and roundtable discussions. Such engagement enables the Bank to anticipate and respond effectively to evolving regulatory requirements, ensuring continued compliance with the highest standards.

Key Decisions

- **Capital Actions:** The Bank completed several capital initiatives during the year, including the Warburg Pincus investment, Additional Tier 1 issuance and the Tier 2 calls. In assessing these actions, the Board considered the PRA's prudential standards, capital adequacy expectations and supervisory focus on resilience, keeping the regulator informed throughout.
- **Strong & Simple Regime Review:** Following the PRA's updated supervisory statement in 2025, the Board revisited its earlier decision not to enter the Strong & Simple Regime. After evaluating the revised regulatory criteria and expected implications, the Board determined that remaining outside the regime to be the most appropriate approach at this time, taking full account of PRA guidance and supervisory views.
- **Board Effectiveness Review:** An externally facilitated Board effectiveness review was completed to assess governance performance. In considering the outcomes, the Board considered regulatory expectations on governance, oversight and challenge under the PRA and FCA frameworks to ensure continued alignment with supervisory standards.
- **Board Changes and Succession Planning:** The Board oversaw director changes during the year, with Maria Harris and Andrew Herd stepping down and Michael Thompson being appointed. Wider succession planning also took place. All decisions were made with reference to PRA and FCA requirements under the Senior Managers and Certification Regime, ensuring appropriate skills, experience and regulatory approvals.

Communities and Environment

The Bank is committed to creating meaningful, long term value for the communities in which it operates, while acting responsibly to minimise its environmental impact. Further detail on our climate related activities and disclosures can be found on pages 16 to 17.

Stakeholder Engagement

Active engagement with local communities enables the Board and employees to deepen their understanding of how the Bank can contribute to a more sustainable and inclusive future.

Examples of community and environment engagement include:

- **Charity Engagement:** The Bank strengthened its relationships with key charity partners through mentoring, volunteering and ongoing collaboration, helping to better understand community needs and direct support where it has the greatest impact.
- **Employee Participation:** The Bank's volunteering network encouraged staff led initiatives, enabling colleagues to initiate and take part in local projects, build connections with community groups and contribute directly to social impact activities.

Key Decisions

- **Entering the Co Living Sector** The Board approved entry into the Co Living and Build to Rent market, taking into account strong local demand for high quality rental accommodation, particularly in London. In making this decision, the Board considered the needs of the surrounding communities, the potential to support sustainable urban living, and the wider environmental benefits of modern, energy efficient developments.
- **Charity Partnership Decisions:** The Board agreed to partner with Food Bank Aid, Whitechapel Mission and ThinkForward, with £60,000 in donations equally split across all three organisations to support high impact community services.

Sustainability Report

The Bank recognises the importance of responsible business practices and continues to integrate environmental, social and governance (“ESG”) considerations into its operations where they are most relevant. While we are not required to report under the Task Force on Climate-related Financial Disclosures (“TCFD”), we remain committed to transparency and compliance with applicable UK regulations.

Environment

Energy and Carbon Reporting

We recognise the importance of addressing climate-related impacts and report on energy use and emissions in line with Streamlined Energy and Carbon Reporting (“SECR”) requirements.

The Bank’s emissions for 2025 are shown below, as defined by the international Green House Gas (“GHG”) Protocol. The Bank’s emissions intensity ratio remained at 0.59 tonnes of CO₂e per employee, despite business growth.

Emissions are calculated in accordance with the GHG Protocol and categorised as follows:

- **Scope 1, Direct emissions** – Activities owned or controlled by the Bank. The Bank owns two electric vehicles.
- **Scope 2, Indirect emissions** – Emissions from purchased energy, such as electricity and heating in multi-tenanted buildings.
- **Scope 3, Other** – Primarily business travel in employee-owned vehicles. These figures are based on average mileage claims, and we are working to improve data collection for more detailed disclosures, including emissions from lending activities.

Breakdown of UK energy consumption used to calculate emissions (kWh):	Year Ended 31 December 2025	Year Ended 31 December 2024
Company owned or controlled vehicles	2,199	2,316
Electricity	316,999	314,584
Heat, steam and cooling ¹	874,490	894,848
Employee owned vehicles where the Bank pays for the fuel	46,621	49,677
Total gross energy consumed	1,240,309	1,261,425

Breakdown of UK emissions associated with the reported energy use (tCO ₂ e):	Year Ended 31 December 2025	Year Ended 31 December 2024
Scope 1 (Company owned or controlled vehicles)	-	-
Total Scope 1	-	-
Scope 2		
Electricity	55,440	64,468
Heat, steam and cooling	157,051	171,278
Total Scope 2	212,491	235,746
Scope 3		
Employee owned vehicles where the Bank pays for the fuel	51,600	55,298
Total Scope 3²	51,600	55,298
Total gross emissions	264,091	291,044
Intensity ratio		
Tonnes of CO ₂ e per employee	0.59	0.68

¹ Includes heat provided by natural gas-fired plant not under the Bank’s direct operational control (as a result of occupying multi-tenanted buildings where heating is part of the service costs). For the purposes of SECR this consumption is treated as a Scope 2 emission.

² The Bank has begun work on collecting data that will, in due course, enable it to make more detailed disclosures of its Scope 3 emissions, which will include emissions from the Bank’s lending activities.

Climate Strategy and Risk Oversight

The Bank is working to enhance its approach to monitoring carbon emissions from financing, informed by external recommendations. The Bank continues to assess options to improve data quality for financed emissions, particularly within its residential property portfolio, to reduce reliance on proxy data

and strengthen its PCAF (Partnership for Carbon Accounting Financials) score. It is recognised that data accessibility and accuracy will improve over time, and the Bank is positioning itself to disclose meaningful information as this evolves, including consideration of the PRA’s updated supervisory statement issued in December 2025.

On operational emissions, the Bank has identified limited scope for improvement within its current premises. The short-term priority is relocating on-premise servers to a more energy-efficient data centre, while medium-term plans include reviewing future office location options to improve sustainability credentials and reduce commuting impact. Additional measures include purchasing carbon offsets, reducing paper use, improving recycling, and supporting employee schemes such as electric vehicles and cycle-to-work.

Climate-related risks are embedded within the Bank’s risk management framework and considered in Internal Capital

Adequacy Assessment Process (“ICAAP”). Stress testing and scenario analysis are used to assess the potential impact of climate-related risks under different conditions, supporting the Bank’s understanding of vulnerabilities and resilience. The lending portfolio has a short-dated tenor and no exposure to carbon-intensive sectors, although the emissions impact of construction materials such as steel and concrete is recognised. Based on current analysis, climate risk is not deemed material in the short to medium term, but monitoring continues and climate considerations are integrated into certain credit risk assessments.

Social



The Bank fosters a positive workplace culture, champions diversity and inclusion, and supports communities and customers it serves.

Governance

Effective Board and Management

The Board oversees ESG priorities while management delivers them. ESG governance is embedded in the Bank’s framework and supported by specialist committees. The Board receives ESG training when new developments or regulations arise. Climate governance is managed through the Climate Change Committee and sub-committees, which meet as needed and report material developments to the Board.

The Bank recognises ESG impacts across stakeholders; see Risk Management pages 30 to 38 for details.

Harley Kagan
Chief Executive Officer
26 February 2026

Corporate Governance Report

Board Of Directors and Committee Membership



Richard Murley
Chair

Richard Murley studied law at Oxford University and began his career at Linklaters & Paines before moving into investment banking with Kleinwort Benson and Goldman Sachs. Following a two-year secondment as Director General of The Takeover Panel, he joined NM Rothschild & Son where he is a Senior Advisor. Richard is the Chair of Macmillan Cancer Support.

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Harley Kagan
Chief Executive Officer

Harley Kagan is the Chief Executive Officer of United Trust Bank Limited and a chartered accountant. He has held a number of key roles at UTB including Chief Commercial Officer and Chief Financial Officer. He has worked extensively in banking and corporate finance, concentrating on acquisitions and disposals and was the Finance Director of the UK Operations of Insinger de Beaufort. He also worked as a strategy consultant with Cap Gemini.

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Graham Davin
Deputy Chair

Graham was CEO of United Trust Bank from 2004 to 2020. He began his career at Arthur Andersen and was previously Chief Financial Officer and Head of Corporate Finance of Investec Bank and a main board director of Investec for 16 years. He was a founding partner of the Insinger de Beaufort Group and a director of its listed parent and its Dutch bank. He is the Senior Independent NED of The Foschini Group, a listed multi-brand international retailing group and Chair of Optalitix Limited, an Insurtech SaaS provider.

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Jonathan Ayres
Executive Director

Jonathan Ayres is the Chief Financial Officer of United Trust Bank Limited, a position he previously held at C. Hoare & Co. and Ecofin. He qualified as a chartered accountant with Price Waterhouse where he specialised in banks and fund managers before becoming an equity analyst at Goldman Sachs. He studied Computer Science at Cambridge University. He is the Chair of UK Finance's Specialist Banks Working Group and a member of their Prudential Reporting and Tax Committee.

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Mark Stokes
Executive Director

Mark Stokes is the Chief Commercial Officer of United Trust Bank Limited. He has over 20 years' experience at executive committee level and has a broad knowledge of commercial banking including property and asset finance lending into commercial, SME and consumer markets. Before joining UTB, Mark was Managing Director of Commercial Banking at Metro Bank and has held other senior roles at established and challenger banks including RBS, Lloyds Bank Plc and Chartered Trust.

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Alice Altemaire
Non-Executive Director

Alice Altemaire is Global Head of Food, Agriculture and Outdoor at DLL Group, subsidiary of Rabobank and world leading vendor finance partner. Previously, she had been Chief Executive Officer for RCI Bank UK since 2019, the banking arm of Groupe Renault providing savings and motor finance lending to UK customers, and held global responsibilities in Paris, as Group Controller, Vice President ("VP") of Accounting and Performance Control, VP of Mobility Services and Innovation. Alice has an MBA from ESSEC Business School and a governance certificate from IFA Science Po education.

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Andrew Woosey
Non-Executive Director

Andrew Woosey is an experienced board member and trustee with significant experience in financial services. He is currently a non-executive director of AIB Group (UK) plc, a Trustee and Committee Chair on the board of the Centre for Economic Policy Research and Chair on the board of Tom's Trust. Andrew is a Senior Advisor and Committee Chair for a number of Bain Capital LLP's portfolio companies. Andrew was previously a partner at Ernst and Young, is a qualified Chartered Accountant and graduated from Cambridge University.

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Bryce Glover
Non-Executive Director

Bryce Glover is currently Chair of the Board Risk committees at Newcastle Building Society and PRIMIS, one of the UK's largest financial services networks. The majority of his career has focused on commercial and corporate banking, and he is the co-founder of Recognise Bank, a UK SME and specialist property lender. He has also been the Managing Director of Commercial Banking at Alliance & Leicester / Santander before joining the Nationwide Building Society in 2009 and taking responsibility for their Commercial Division. He has a law degree from the University of Liverpool.

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Michael Thompson
Non-Executive Director

Michael Thompson is a Managing Director and Head of Warburg Pincus' Capital Solutions business in Europe. He joined the firm in 2019 after over 14 years as an investor in private equity and credit. He previously worked in Leveraged Finance and M&A at Merrill Lynch in London. He has led investments across financial services and other sectors and is a Director of Prismic Life Re and Somers Re. Michael holds a BA in Economics from the University of Manchester and an MA in Corporate Strategy and Governance from Nottingham University Business School.

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Richard Doe
Non-Executive Director

Richard Doe has over 40 years' experience in retail banking. He has a marketing and business strategy background and has been involved in creating, growing and transforming several successful businesses. He was previously CEO of ING Direct in the UK, Managing Director of Paragon Bank, and most recently a Non-Executive Director and then CEO of Harpenden Building Society. He is a Chartered Banker and Fellow of the Chartered Institute of Marketing.

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Sarah Laessig
Non-Executive Director

Sarah Laessig is the Senior Independent Director of National Employment Savings Trust ("NEST") Corporation and a non-executive director of JP Morgan Global Growth & Income Investment Trust Plc. Sarah was formerly a non-executive director of Local Pensions Partnership Investments, and a Commissioner on the Civil Service Commission. Sarah's executive career at Citigroup included managing businesses in the Corporate and Investment Bank division across the EMEA region. Sarah holds an MBA in strategic management from the Wharton School of the University of Pennsylvania.

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Directors' Report

United Trust Bank Limited is an unlisted company and therefore the UK Corporate Governance Code (2018) does not apply. The Board has sought to comply with a number of the provisions of the UK Corporate Governance Code in so far as it considers them to be appropriate to a company of the Bank's size and nature.

The directors present their annual report, together with the audited financial statements and auditors' report for the year ended 31 December 2025.

Principal activities

The Bank's primary activity is the provision of credit on a secured basis in specialist markets within the United Kingdom. The Bank provides short to medium-term property loans for both the development of residential dwellings and the bridging of and investment in completed properties and property portfolios, as well as regulated mortgage products. The Bank also finances plant, machinery and wheeled assets to small and medium sized enterprises ("SMEs"). All of the lending activities are funded by the Bank's capital base, a range of savings accounts, a small amount of drawings from Bank of England schemes and Additional Tier 1 and Tier 2 loan notes placed with institutions and family offices.

Directors

Michael Thompson was appointed as non-executive director on 24 March 2025. Maria Harris and Andrew Herd stepped down as non-executive directors on 31 December 2025. Andrew Herd remains on the UTB Partners Plc Board, the Bank's parent company. A full list of the directors can be found on pages 18 to 19.

Dividend

No dividend has been declared or paid since year end and up to the date of signing.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and shall be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Pursuant to Section 386 of the Companies Act 1985, an elective resolution was passed on 25 March 2004 dispensing with the requirement to appoint auditors annually. This election was in force immediately before 1 October 2007. Accordingly, PricewaterhouseCoopers LLP is deemed to continue as the Company's auditor.

Going concern

The directors have adopted the going concern basis in preparing the financial statements. The Bank's business activities, together with the factors likely to affect its future development and performance are set out in the Principal Risks and Uncertainties section of the Risk Management Report. In determining the going concern status the directors have considered:

- Business Performance, Strategic Risk, Conduct and Compliance Risk and Operational Resilience
- Capital Risk:
 - The ability of the Bank to conduct its business profitably and generate sufficient revenues to cover costs
 - Sufficiency of capital resources to sustain the Bank's existing and planned business activities and maintain compliance with current and future regulatory requirements
- Liquidity Risk: Adequacy of liquidity to fund the Bank's activities (including FSCS coverage, maturity profile and funding diversification) and to satisfy regulatory requirements
- Credit Risk: The credit quality of the Bank's loan book, based on recent experience and the Bank's credit policies

A "severe but plausible" stressed forecast scenario has also been modelled as part of the going concern assessment, including a significant fall in the House Price Index, as well as a rise in base rate and inflation. The scenario results in increased credit losses, delayed loan repayments and margin compression. UTB can continue to trade in this scenario, maintaining a surplus to capital and liquidity regulatory minimums.

After considering the review of the Bank's operations and having made suitable enquiries, the directors have a reasonable expectation that the Bank has adequate resources, even under a stress scenario to continue in operations for a period of at least 12 months from the date of approval of these Financial Statements. Thus, the Bank continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors' indemnities

The Articles permit the Bank, subject to the provisions of UK legislation, to indemnify to any extent, any person who is or was a director, or a director of an associated company, against any loss or liability, whether in connection with any proven or alleged negligence, default, breach of duty or breach of trust, in relation to the Bank or any associated company.

The Bank maintains Directors' and Officers' liability insurance which provides appropriate cover for legal actions brought against its directors.

Future developments

Likely future developments have been covered in the Risk Management Report on pages 30 to 38.

Financial risk management

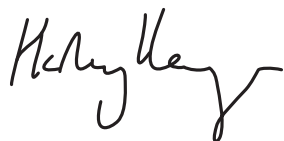
The disclosures required to be included in the Directors' Report in respect of the Company's exposure to financial risk and its financial risk management policies are given in note 25 to the financial statements.

UTBP's (unaudited) Pillar 3 disclosures, Tax Strategy and Modern Slavery Act statement are available on the Bank's website at www.utbank.co.uk.

Events after the date of the Statement of Financial Position

There have been no significant events after the date of the Statement of Financial Position.

Approved by the Board and signed on its behalf by:



Harley Kagan
Chief Executive Officer
26 February 2026

Statement of Directors' Responsibilities in Respect of the Financial Statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulation.

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;

- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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

Board Report

Chair's Introduction

As Chair of the Board, I am pleased to present the Corporate Governance Report for the year ended 31 December 2025. This report reflects the Board's commitment to the highest standards of governance and outlines the actions taken during the year to guide strategy, strengthen the business model, and deliver sustainable performance for stakeholders.

Strong governance, robust controls, and disciplined risk management remain central to our responsibilities and underpin the Bank's resilience and long-term success. Our employees continue to demonstrate adaptability and collaboration, supporting both each other and our customers, while driving progress on our strategic priorities.

During 2025, the UK economy showed early signs of stabilisation following a prolonged period of inflationary pressure and elevated interest rates; however, geopolitical, fiscal, and regulatory developments continued to influence market confidence, leading to continued uncertainty and volatility, and growth remaining subdued. Despite inflation and interest rates falling in the second half of the year, cost pressures on households and businesses persisted, while the housing market remained weak, reflecting affordability challenges and consumer caution.

In reviewing strategy and identifying sustainable growth opportunities, the Board carefully considered these external conditions and their impact on customers, colleagues, and other stakeholders. Looking ahead, disciplined execution, proactive risk management, and a considered risk appetite will remain central to decision-making that supports resilient and sustainable growth.

Board Size and Composition

The Board of Directors of the Bank at 31 December 2025 comprised of eight non-executive directors, including the Chair and Deputy Chair, and three executive directors as listed on pages 18 to 19. Six of the non-executives are considered to be independent. I chair the Board and am responsible for its effectiveness. The size and composition of the Board is kept under review to ensure an appropriate balance of skills and experience is maintained.

Board Changes

Andrew Herd, who served on the Board for 20 years, stepped down as a Non-Executive Director in December 2025. On behalf of my fellow Directors, I extend our sincere gratitude to Andrew for his long-standing commitment, valued expertise, and insightful contributions throughout his tenure. Andrew continues to serve on the Board of UTB Partners Plc, the Bank's holding company. Maria Harris also stepped down as a Non-Executive Director in December 2025. On behalf of the Board, I thank Maria for her significant contribution and the valuable perspectives she brought during her time with us. Following the completion of the investment by Warburg Pincus, Michael Thompson was appointed as a Non-Executive Director in March 2025 and has already made a meaningful impact on the Bank's strategy and direction.

Board Responsibilities

The Board is responsible for:

- Setting the overall direction and governance of the Bank and overseeing the management team.
- Establishing and monitoring the Bank's strategy with implementation delegated to the Management Committee who report to the Board. The Board has oversight of how management implement the Bank's strategy and retains control through challenge at Board and committee meetings.
- Monitoring risk management, reviewing risk appetite and approving related policy statements. These policy statements establish the Bank's overall appetite for risk and set out the control environment within which it operates. The Board approves the level of risk that the Bank is willing to accept and is responsible for maintaining an adequate control environment to manage the key risks.
- Overseeing regulatory compliance and internal control systems and processes and assessing the effectiveness of material controls.
- Ensuring the capital and liquidity resources are sufficient to achieve the Bank's objectives. The Board maintains close oversight of current and future activities through Board reports which include a combination of strategic proposals, financial results, risk and operational reports, budgets, forecasts and reviews of the main risks as documented in the ICAAP and Internal Liquidity Adequacy Assessment Process ("ILAAP") reports.
- Approving changes to the structure, size and composition of the Board.
- Overseeing compliance with key regulatory regimes, including Consumer Duty and Operational Resilience requirements.
- Engaging with stakeholders in line with legislative and regulatory obligations, including Section 172 of the Companies Act 2006.
- Ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

Board Effectiveness

The Board meets at least six times a year in accordance with a defined schedule, with additional meetings convened as necessary. Members are provided with accurate, timely, and comprehensive information to support effective discussion and decision-making. Board performance is assessed regularly through a formal evaluation process, ensuring continued effectiveness and accountability. In addition, members receive ongoing training and development to remain fully informed of regulatory changes and emerging requirements within the Bank's operating environment.

Board Key Activities in 2025

The key areas of the Board's focus during 2025 are set out below:

- Reviewed and approved the Bank's;
 - Budget and three-year strategic plans.
 - Capital, liquidity, recovery plans and solvent exit analysis.
 - Operational Resilience Self-Assessment.
 - Consumer Duty Annual Report.
 - Liquidity Risk Management Framework.
- Supported UTBP in completing Warburg Pincus' investment.
- Approved the £50m Additional Tier 1 capital raise and £20m and £9m Tier 2 redemptions.
- Assessed the impact of geopolitical uncertainty and market fluctuations on the Bank's operations and strategy.
- Enhanced the Bank's suite of lending products, including the approval of the new Asset Finance brand "Stance".
- Reviewed the Bank's funding strategy and approved an expansion of the suite of deposit products offered to customers, including Easy Access and Trust propositions.
- Approved migrating the treasury IRRBB risk appetite metric from Economic Value of Equity to Economic Value from 1 January 2026.
- Engaged with regulators and regulatory developments during the year.
- Approved the appointment of the new Chief People Officer.

- Approved the appointment of Michael Thompson joining the Board as non-executive director and as a member of the Remuneration Committee.
- The Board and its committees spent time on a broad range of sustainability considerations in 2025 including staff retention, development and engagement, Climate Change and Diversity and Inclusion.



Richard Murley
Chair
26 February 2026

Looking ahead, disciplined execution, proactive risk management, and a considered risk appetite will remain central to decision-making that supports resilient and sustainable growth.



Risk Committee Report

Risk Committee Chair's Introduction

On behalf of the Board, I am pleased to present the Risk Committee's report for 2025. I thank Committee members for their continued commitment and challenge throughout the year. The Committee oversaw the Bank's risk profile, which was slightly elevated, amid subdued economic conditions, cost-of-living pressures, and uncertainty in the run-up to the Autumn Government Budget. Key areas of focus included credit risk, capital and liquidity planning, operational resilience and the Bank's Solvent Exit analysis. The Committee also maintained oversight of risks affecting customers and ensured the Bank met its regulatory obligations and responded appropriately to regulatory change.

Further details on the Bank's risk management approach and framework are provided in the Risk Report on pages 30 to 38.

Committee Size and Composition

At year-end, the Risk Committee comprised two independent Non-Executive Directors: Richard Doe and me, with Richard joining the Committee during the year. During the period, we also saw Maria Harris and Andrew Herd step down as Non-Executive Directors and, consequently, from their role on the Committee. I would like to thank them both for their valuable contributions to the Risk Committee. Other Directors and senior staff regularly attend meetings to provide input and support. Details of the Committee members' experience and qualifications can be found in the biographies on pages 18 to 19.

Committee Roles and Responsibilities

The Committee plays an important role in setting the tone and culture that promotes effective risk management across the Bank. Its key responsibilities include:

- Advising the Board on the effectiveness of the Bank's risk management framework and compliance and conduct oversight framework, to ensure that key risks are identified, monitored and appropriately managed.
- Ensuring that the risk management function remains independent and adequately resourced.
- Reviewing and monitoring the Bank's risk profile relative to current and future strategy and risk appetite through a continuous process of identification, evaluation and management of all material risks.
- Reviewing the design and implementation of risk policies across the Bank.
- Overseeing the due diligence of any relevant proposed strategic transaction, focusing on the risk aspects and their implications for the risk profile and appetite and to advise the Board prior to the approval of any such transaction.
- Reviewing and monitoring the appropriateness of the Bank's risk appetite, any emerging risks and risk trends, concentrations of exposures and any requirements for policy change.

- Reviewing the performance of the Bank relative to risk appetite and to receive and review reports from the Chief Risk Officer relating to any significant issues that require or are subject to remedial action.
- Ensuring that rigorous and comprehensive stress testing and scenario testing of the Bank's business is carried out regularly and that appropriate risk mitigation is in place.
- Reviewing, challenging and recommending to the Board for approval the risk appetite, risk indicators and risk limits, set in the context of the Bank's capital adequacy (ICAAP), liquidity adequacy (ILAAP), recovery capacity and plan (Recovery Plan), Solvent Exit Analysis, Operational Resilience Self-Assessment, operational capabilities and the external environment.
- Recommending to the Board annually the financial, credit, concentration, conduct, regulatory, operational and market related authorities, limits and mandates. Identifying, considering, overseeing, challenging and advising the Board on the Bank's exposure to all significant risks to the business.
- In cooperation with the Audit Committee, monitoring any identified control failings and weaknesses that may raise systemic risk issues and the relevant management actions taken to resolve them.

Capital and liquidity management remained a key focus to ensure the Bank remained appropriately funded and capitalised, given the evolving external environment and regulatory requirements and the Bank's lending growth and funding diversification strategy.

- Reviewing reports on any material breaches of risk limits and the adequacy of proposed actions to address such breaches.
- Reviewing and challenging the Bank's risk culture.
- Reviewing arrangements by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.
- Reviewing the results of any reviews of the Bank's activities by regulatory bodies and recommending to the Board any action required.

- Reviewing the activities of the Chief Risk Officer and the effectiveness of the Risk function.
- To review the results of any thematic reviews, investigations or studies of bank activities by the FCA/PRA, or other regulatory bodies. To recommend to the Board what action should be taken and monitor its implementation.

Risk Committee 2025 Key Activities

- Oversaw ongoing improvements to the Bank's operational resilience and operational risk management processes; culture and conduct frameworks and reporting; and regulatory submissions and returns, including the Recovery Plan, Solvent Exit Analysis, ICAAP and ILAAP.
- Maintained a strong focus on the external environment, with particular attention to credit risk and the quality of the Bank's loan portfolio. Credit policy and appetite were continually reviewed in light of evolving market conditions, including the UK's subdued economic growth, ongoing cost-of-living pressures, geopolitical tensions in Ukraine and the Middle East, and political developments in the United States, where trade policy uncertainty and tariffs continued to influence global markets. Political uncertainty in the UK and other major economies also contributed to an unpredictable operating environment, which the Committee carefully considered in assessing the Bank's risk profile.
- Capital and liquidity management remained a key focus to ensure the Bank remained appropriately funded and capitalised, given the evolving external environment and regulatory requirements and the Bank's lending growth and funding diversification strategy.
- Approved migrating the treasury IRRBB risk appetite metric from Economic Value of Equity to Economic Value from 1 January 2026.
- Oversaw and monitored the evolving expectations regarding customer redress in respect of historic motor finance commissions.

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Andrew Woosey
Non-Executive Director
26 February 2026



Audit Committee Report

Chair's Introduction

On behalf of the Board, I am pleased to present the Audit Committee's report for 2025, which sets out how the Committee fulfilled its responsibilities and delivered against its mandate during the year. The Committee maintained rigorous oversight of the Bank's financial reporting, the effectiveness of the internal control framework, and the performance and independence of both Internal Audit and the External Auditor.

The Committee's programme of work was extensive, with particular emphasis on the review of significant accounting judgements and estimates, the integrity and fair presentation of the Bank's financial statements, and the continued effectiveness of internal controls. In addition, the Committee closely monitored key risks arising from the evolving economic, geopolitical, and regulatory environment, as well as those associated with the Bank's increasing scale and operational complexity. Throughout the year, the Committee considered the potential implications of these risks for customers and colleagues.

This report outlines the Audit Committee's composition, roles and responsibilities, and summarises its principal activities during the year.

Committee Size and Composition

The Audit Committee is comprised of four independent non-executive directors, Sarah Laessig, Andrew Woosey, Bryce Glover and myself. Bryce Glover was appointed as a member of the Audit Committee in the year. The Committee members bring a diverse range of experience in finance, risk, control and business, particularly focused in the financial services sector. The qualifications of each of the members are outlined in the biographies on pages 18 to 19.

Committee Roles and Responsibilities

The Committee's roles and responsibilities include, amongst other things, the following:

- Monitoring the financial reporting process and its output, including reviewing the draft Annual Report and Accounts of UTB and its parent UTB Partners Plc, as well as other regulatory disclosures, and making recommendations to the Board.
- Reviewing significant accounting estimates and judgements and overseeing the establishment and maintenance of accounting policies and practices.
- Reviewing the effectiveness of processes and systems for internal control, taking into account the activities of the Bank's Risk Committee. This includes overseeing the Bank's model risk management framework.
- Reviewing the activities, effectiveness, quality and independence of the Internal Audit function and the external auditor. The function's purpose is primarily to provide risk-based independent, objective assurance to evaluate and improve the effectiveness of the Bank's risk management, control and governance processes including review of both the first and second lines of defence.

- Reviewing from time to time the choice of external auditors and making appropriate recommendations to the Board, including around their fees.
- Reviewing the plan and major internal and external audit findings and ensuring via Management that agreed actions are implemented and, where necessary, reporting findings to the Board.

Audit Committee 2025 Key Activities

Financial Reporting, and Material Accounting Policies, Judgements and Estimates

- Reviewed accounting policies and accounting methodologies where there have been significant changes or where they are particularly material and require annual review.
- Reviewed and approved key approaches, policies and certifications of the Bank, including:
 - Approach to the assessment and confirmation of going concern.
 - The accounting impact of Warburg Pincus' investment during the year.
 - Loan loss provisioning, including refinements made to the provisioning policy.
 - Tax Strategy and Policy and Senior Accounting Officer Certification.
 - The approach to identification and reporting of Related Parties.
- Challenged key accounting judgements and key estimates such as loan loss provisioning and annual behavioural review of Effective Interest Rate accounting.
- Recommended the Bank's and UTBP's Annual Report and Accounts to the Board.
- Recommended UTBP's Pillar III to the Board.

Risk and Control Environment

- Monitored the design and effectiveness of relevant processes and systems for internal control, taking into account the output of the Bank's Risk Committee, including: review and approval of the Bank's Model Risk Management Framework; evaluation of the Model Risk Management Annual Review by Line 2 Risk; and review of the 2025 Annual Internal Audit Opinion, which found the Bank's governance and risk and control framework to be generally effective.

External Audit

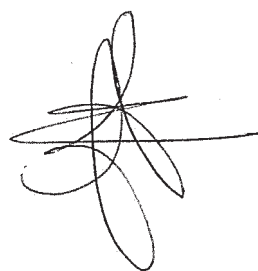
- Discussed the nature, scope and outcomes of the audit, including approving the engagement letter and considering Management's response to material observations.
- Assessed the independence and objectivity of the external auditors and the effectiveness of their performance, considering:
 - Safeguards maintained to protect their independence, objectivity and effectiveness;
 - The team's quality, scope and approach, communication and governance.

- the nature and amount of non-audit work undertaken in line with the Bank's Non-Audit Services Policy;
 - the total fees charged for the audit of the Annual Report and Accounts and for non-audit services provided by the external auditors in line with the Non-Audit Services Policy; and
 - the external auditor's declarations of independence.
- Held a separate session with the external audit team, without management present.

Internal Audit

- Approved the Internal Audit budget, the proposed 2026 annual audit plan and Internal Audit's authority for full, free and unrestricted access to the Bank's records, data, management information and personnel pertinent to carrying out any engagement.
- Monitored the status of the 2025 annual audit plan and considered reports from the Head of Internal Audit setting out the results of Internal Audit's work, significant findings, Management responses and agreed audit actions.

- Monitored the timely closure of agreed audit actions by Management.
- Reviewed and confirmed the adequate and sufficient resourcing of the function.
- Reviewed and concluded the department's performance is effective.
- Reviewed Internal Audit's assessment of conformance with new Global Internal Audit Standards and Code of Practice, and its Quality Assurance and Improvement Programme.
- Held a separate session with the Internal Audit team, without management present.



Alice Altemaire
Non-Executive Director
26 February 2026



Remuneration Committee Report

Chair's Introduction

On behalf of the Remuneration Committee, I am pleased to present the Remuneration Committee Report for the 2025 financial year. The following section details the Remuneration Committee's size and composition, its role and responsibilities and key activities which have been a focus during the year.

Committee Size and Composition

The Remuneration Committee comprises of three independent non-executive directors, Sarah Laessig, Michael Thompson and myself, and the Board Deputy Chair Graham Davin. Michael Thompson was appointed as a member of the Remuneration Committee in the year. The qualifications of each of the members are outlined in the biographies on pages 18 to 19.

Committee Roles and Responsibilities

The Committee is authorised to review and approve any proposals related to remuneration including, but not limited to, those matters set out below.

- Determining, on behalf of the Board, the overall remuneration policy for all staff and in particular, the policy and the level of remuneration of Individuals in Senior Management Functions (SMFs) and Material Risk Takers (MRTs).
- Reviewing and approving the remuneration arrangements (including any bonuses, incentive payments and share awards including share options) pensions and benefit arrangements of the Chief Executive, the Executive Directors, Non-Executive Directors and the senior staff across all functions.
- Reviewing and recommending to the Board the establishment of or amendment to the terms of any staff incentive programme, including funding the Employee Benefit Trust.
- Approving all issuances and liquidity events for share options.
- Ensuring that remuneration is structured to link rewards to corporate and individual performance and is designed to promote the long-term success of the Bank.
- Evaluating the impact of the Bank's reward practices throughout the organisation, by ensuring that pay and benefits are aligned with the Bank's purpose; that they incentivise appropriate behaviours and performance; and that differences in pay and reward levels are fair and proportionate.
- Considering the potential impact of decisions on the Bank delivering good outcomes for customers and the appropriateness of the Bank's oversight arrangements surrounding remuneration.
- Ensuring that incentives provided by the remuneration system take into consideration risk objectives, capital, liquidity and the likelihood and timing of earnings.

- Oversight of processes and initiatives that are linked to remuneration (directly or indirectly) including Talent Management, Leadership Development and Diversity & Inclusion.
- Reviewing the Talent and Succession Plan, for the key managers and Divisional Heads. The plan seeks to define the key role changes envisaged over the next 3 years to cope with retirement or resignations and to employ or identify, select, train and prepare existing staff for enhanced roles.
- Reviewing UTBs Remuneration Policy annually and be aware of and oversee any major changes in the policy or the employee reward framework.

Remuneration Committee 2025 Key Activities

The key areas of the Committee's focus during 2025 are set out below:

- Approved the updated Remuneration Policy.
- Oversaw the Pension Governance Committee.
- Approved the overall UTB salary review, effective March 2025.
- Approved the NED fees effective from March 2025.
- Approved the bonus and LTIP awards related to the 2024 financial year.
- Approved the bonus deferral release effective March 2025.
- Approved the vesting of share options subject to a performance hurdle.
- Approved the bonus pool methodology for 2025 bonus awards.
- Agreed the salary review methodology for 2026.
- Approved updates to the staff benefits package.
- Reviewed the talent and succession plan.
- Oversaw the Bank's Gender Pay Gap Report.



Richard Murley
Chair
26 February 2026



Risk Management Report

Approach to Risk Management

UTB's risk appetite and approach to risk management

UTB's management team proposes the overall level and types of risk it is willing to accept to deliver its strategic objectives, expressed through a comprehensive set of risk appetite statements that are approved by the Board. As part of its annual strategic review, the Board considers its key priorities and determines how much risk the Bank is prepared to take. Risk appetite is monitored, and may be adjusted, throughout the year in the context of emerging risks and developments in the external environment. In 2025, areas of focus included the UK economic outlook, interest rate and inflation trends, evolving credit conditions, the increasingly challenging housing market, international political and economic developments and the Bank's ongoing regulatory commitments.

Practical implementation of the Board's risk appetite is achieved through the Bank's Risk Management Framework and associated policies. Business units are responsible for operating within risk appetite, while the independent Risk function monitors adherence and reports performance against it.

The Bank's Chief Risk Officer ("CRO") reports regularly to the Board, Risk Committee and executive management, providing commentary on performance against key risk indicators and developments in the risk environment, supported by a comprehensive risk dashboard and management information.

Risk Management Framework

UTB's risk management objectives include enabling the Board to understand the risks to which the Bank may be exposed and ensuring that comprehensive risk information is captured and reported. Identifying and measuring risks allows senior management to ensure that the risks taken remain within the risk appetite set by the Board.

The risk management framework and governance arrangements set out a clear organisational structure with defined responsibilities and processes to identify, manage, monitor and report the risks to which the Bank is, or may become, exposed. This provides the foundation for all subsidiary risk frameworks, policies and procedures.

The framework seeks to ensure that the risks to which the Bank is or may become exposed are appropriately identified and that those risks which the Bank decides to assume are managed to mitigate against material unexpected loss. It also describes the interactions between the different risk processes within the Bank such as the Risk Appetite Statement, stress testing results, ICAAP, ILAAP, Recovery Plan and Solvent Exit Analysis.

The Risk Management Framework provides an enterprise wide view of UTB's approach to risk management, setting out how risk information informs decision making, the Bank's risk strategy, risk appetite, risk culture and risk governance. It supports business activities through continuous monitoring and management against the Board's defined risk appetite.

Risk Culture

The Board considers a robust risk-aware culture to be fundamental to sound risk management. The Risk Management Framework emphasises the importance of this embedded culture throughout UTB, which provides protection for customers, creditors, investors and other stakeholders.

Business decisions are taken within the context of this culture and are "risk informed". Decisions are made in line with the Bank's approved risk appetite and policies, and are monitored, controlled and reported to the appropriate level for oversight, in accordance with the Bank's governance arrangements. The Board sets a clear expectation that business decisions:

- take account of risks.
- are compliant with approved policies;
- are within the defined risk appetite;
- can be monitored; and
- are reported to the appropriate level for oversight.

UTB monitors performance against key culture and conduct metrics using its Culture and Conduct Risk dashboard, with progress and compliance reported periodically to executive management the Risk Committee and the Board.

The Bank's risk culture is demonstrated through:

- a clear "tone from the top", reflecting strong governance and ethical standards.
- a business strategy that is understood across the Bank.
- a risk appetite that is in line with the business strategy and embedded in the day-to-day management of the Bank.
- clear and well understood frameworks and policies.
- clear and risk-informed decision making with personal accountability.
- open channels of communication throughout the Bank to freely raise, discuss, understand, challenge and address issues;
- appropriate and ongoing training for all employees engaged in taking and controlling risk.
- no tolerance for ethical breaches, and prompt response to manage any that do occur; and
- effective performance measurement processes to promote prudent risk management, address poor risk management and avoid conflicts of interest.

UTB has well-defined core principles which are communicated to all staff on an ongoing basis and their importance is emphasised and reinforced through coaching and training. All colleagues are aware of the need for sound risk management and their part in it and they are encouraged to identify, address and report risk incidents promptly.

Management reviews historical incidents to identify lessons learned, promote good practice and strengthen controls by analysing poor outcomes, "near misses" and operational errors.

The Bank also designs its reward structures to avoid conflicts of interest and ensures that compensation encourages prudent, compliant risk taking in line with Board and regulatory expectations.

Risk Governance

The Board has ultimate responsibility for ensuring that an effective Risk Management Framework is in place. It approves the overall policy for the types and level of risk the Bank may assume in pursuing its objectives and ensures that an adequate control environment exists to manage key risks. The Board's Risk and Audit Committees oversee the operation of the Risk Management Framework, monitor the internal control environment and ensure that risk exposures remain within the defined risk appetite.

Any material breaches of the Bank's risk policies, controls or procedures are reported to the Risk Committee and, where appropriate, to the Board and Audit Committee. The Audit Committee is supported by Internal Audit, which conducts risk based reviews of controls and procedures following a risk-based cycle. The Risk Committee is supported by second line monitoring functions, including Compliance, Financial Crime, Credit Quality and Operational Risk.

Committee Responsibilities

Details of the Bank's Board and main committees (Audit Committee, Risk Committee and Remuneration Committee) are set out on pages 24 to 28.

Details of the Bank's other senior committees are provided below:

Management Committee	Chaired by the Chief Executive Officer, the Management Committee includes the Chief Commercial Officer, Chief Financial Officer, Chief Risk Officer, Chief Operating Officer, Chief Technology Officer and the Chief People Officer. The executive directors provide a direct link to the Board. The committee meets at least monthly to discuss and implement the strategy of the Bank, as approved by the Board, and to oversee the Bank's performance, response to market conditions, key risks and indicators, major projects, growth initiatives, key personnel matters, Consumer Duty, Operational Resilience, Diversity & Inclusion and significant events. Day to day operations are delegated to line management and specialist committees. The Management Committee reviews exceptional items, along with the Bank's risk profile, capital, liquidity and performance.
Credit Policy Review Committee, Credit Committee and Watchlist & Recoveries Committee	The Management Committee delegates credit risk oversight to the Credit Policy Review Committee ("CPRC"), chaired by the Chief Risk Officer. The CPRC meets bi monthly and ensures that the Bank's Credit Policy is appropriately applied throughout the lending process. CPRC'S two sub committees are: Credit Committee – The committee meets daily, if required, to consider individual lending transactions within delegated authorities. It approves new or increased lending proposals, material variations, annual reviews and credit strategies for existing exposures. Asset Finance and Mortgage transactions follow delegated approval authorities. Watchlist & Recoveries Committee – The Committee meets monthly to review emerging and higher-risk credit exposures across all lending divisions. It considers the adequacy of provisioning, monitors recovery strategies for distressed accounts and ensures that appropriate actions are taken to mitigate credit risk and protect asset quality.
Asset and Liability Committee	The Management Committee has delegated responsibility to the Asset and Liability Committee ("ALCO") for monitoring and managing the Bank's exposure to capital, liquidity and interest rate risk. The ALCO is chaired by the Chief Financial Officer, ALCO meets at least monthly to ensure adherence to capital, liquidity and interest rate risk appetites and policies approved by the Board and to maintain compliance with regulatory requirements. It oversees the effective management of the Bank's asset and liability profile, taking account of future business activity and management actions.
Business Management Committees	Each lending and deposit business unit operates a Business Management Committee to review management information, including performance, key risk metrics, third party MI (brokers, valuers, solicitors), and conduct, compliance and operational risk dashboards. These committees review or approve new product and process proposals, or escalate matters to the Management Committee, a Board Committee, or the Board where required. The lending unit committees are chaired by the Chief Commercial Officer and the deposits committee is chaired by the Chief Operating Officer.

Change Management Committee	A sub committee of the Management Committee chaired by the Chief Technology Officer. The Change Management Committee provides governance and prioritisation for material business and technology changes. It acts as an escalation forum for project steering committees, reviewing progress, key issues, budgets, resources and project risks. It assesses risks across the change agenda in conjunction with the Risk function.
Compliance and Conduct Management Committee	Chaired by the Compliance Director, this committee oversees compliance with non prudential regulatory requirements and conduct risk. It assesses the Bank's compliance with internal, legal and regulatory requirements relating to Conduct, Financial Crime, Data Protection and Regulatory Compliance, and advises executive management and the Board on these matters.
Climate Change Committee	The Climate Change Committee ensures that climate related risks are identified, assessed and embedded into the Bank's risk management framework. It also considers the potential long term impacts of climate change. The committee is chaired by the Chief Risk Officer and meets when required.
Customer Experience Committee	A sub committee of the Management Committee chaired by the Chief Operating Officer, the Customer Experience Committee oversees the Bank's approach to customer service, ensuring consistently good products, services and outcomes. It also monitors compliance with regulatory expectations, including Consumer Duty, and ensures that corrective action is taken where required.

Three lines of defence

In line with industry best practice, the Bank operates a "three lines of defence" model that is integral to the Risk Management Framework. All three lines work together to ensure effective risk management, oversight and compliance with the Board's risk appetite, as well as regulatory and policy requirements.

First line of defence

The first line of defence comprises the operating departments and staff who are the risk owners with responsibility for identifying and managing the risks arising within their areas. Departments are responsible for managing risks by operating within risk appetite and approved policies and by implementing and maintaining appropriate and effective systems and controls. Policies are approved by authorised committees in line with their terms of reference and are reviewed regularly, with any material changes requiring approval at committee level.

Each department's management is responsible for understanding its risk profile and for measuring, assessing and controlling these risks. To support this, each business unit maintains documented operational processes and procedures that demonstrate compliance with approved policies and controls.

First line teams also operate quality control processes to monitor adherence to procedures. Staff are expected to understand and own the risks associated with their activities. A regularly updated Risk Control Self Assessment ("RCSA") process identifies risks within each business unit, assesses the likelihood and impact of each risk and evaluates the effectiveness of associated controls.

Second line of defence

The second line of defence comprises the independent risk management function, which provides governance, oversight and challenge across the Bank. This function monitors adherence to regulatory requirements and to the Bank's policies and risk appetite, offering guidance to the first line where needed.

The second line of defence is responsible for communicating the Bank's risk strategy, risk management framework and defined risk appetite, and for independently monitoring the key activities of the first line. This includes conducting assurance programmes to assess the key activities of the first line of defence and the effectiveness of controls.

The second line also undertakes stress testing to evaluate the Bank's risk exposures and assess potential impacts under a range of adverse scenarios. Its remit covers financial, capital, credit, liquidity, interest rate, operational, conduct and compliance risk. The Compliance Director, Credit Director and Head of Enterprise-Wide Risk Management report to the Chief Risk Officer, who in turn reports to the Chief Executive Officer and the Chair of the Risk Committee. UTB employs an experienced team of specialists across each discipline within the risk management function.

The risk management function has no sales or volume targets and works proactively with business units to identify, challenge, measure, manage, monitor and report the risks arising within the business.

Third line of defence

The third line of defence is the independent Internal Audit function, which provides objective assurance to the Board and Management on the effectiveness of governance, risk management and internal controls. Internal Audit uses a risk-based methodology to assess whether significant risks are identified, appropriately reported, and adequately controlled, and challenges Management to strengthen processes where necessary. The function is overseen by the Audit Committee and reports functionally to its Chair, with administrative reporting to the Chief Executive Officer.

The scope and programme of Internal Audit's work are agreed with the Audit Committee and provide independent evaluation of the Bank's internal control framework. Internal Audit may review first line activities, such as adherence to policies and controls, as well as second line activities, including policy setting, monitoring and oversight processes.

Scenario Analysis and Stress testing

The Board adopts a forward looking approach to strategic, capital and liquidity planning through the ICAAP, ILAAP, Recovery Plan and Solvent Exit Analysis. These processes incorporate sensitivity analysis, scenario analysis and reverse stress testing to assess the Bank's resilience under a range of adverse conditions.

Stress testing and scenario analysis are key risk management tools used to evaluate the potential impact of severe but plausible events on the Bank's financial resources. They assess the effect of specific shocks and movements in risk drivers, supporting the Bank's assessment of capital and liquidity adequacy and informing potential management actions.

The Bank's stress testing policy is reviewed and approved annually by the Risk Committee and the Board, or more frequently where required. The Risk Committee and the Board also consider and approve the stress testing parameters used within the ICAAP, ILAAP, Recovery Plan and Solvent Exit Analysis.

Risk Management Strategy and Appetite

The Bank's Risk Management Framework and Risk Appetite Statement are reviewed at least annually, supported by other key documents including the Credit Risk Appetite Statement, the Credit Risk Management Framework and the Credit Strategy. Together, these documents set out how the Bank identifies, measures, manages and oversees key and emerging risks. The purpose of the Risk Management Framework and Risk Appetite Statement is to:

- identify key and emerging risks.
- set the Bank's risk appetite and ensure business plans align with it.
- support risk informed decision making within the defined appetite.
- ensure risk appetite and business plans are underpinned by effective risk controls, technology and people capabilities.
- monitor and report key risks against defined appetite.

- manage the risk profile so the Bank can withstand adverse conditions identified in stress testing.
- manage risk within the business units with effective independent oversight.
- ensure a sound risk control environment and risk-aware culture; and
- inform the Bank's compensation practices to reward only prudent risk taking within the risk appetite.

The level of risk that the Bank can assume and the strategy are informed by:

- the results of stress tests and scenario analysis; and
- the Bank's risk capacity.

The Bank's risk appetite is aligned with its strategic objectives, ensuring those objectives are risk informed and consistent with the level of risk the Bank is prepared to accept.

The Board approves the risk that may be assumed in each category through:

- a high level Risk Appetite Statement defining the acceptable impact of risk on the Bank's objectives.
- granular statements specifying the type and level of risks the Bank will accept, tolerate or avoid; and
- risk limits and tolerances (quantitative or qualitative measures) relating to individual business activities.

The Bank's approved risk appetite is documented in the Risk Appetite Statement, which sets out monitoring and escalation thresholds for key metrics, including capital and liquidity. The statement is reviewed at least annually, or more frequently where there is a material change in the Bank's risk appetite, activities, or the external environment.



Risks and Uncertainties

Principal Risks and Uncertainties

Management and the Board carry out regular and ongoing reviews of the main risks and uncertainties facing UTB. The key risk categories are those that could threaten the achievement of the Bank’s strategic objectives, its business model or financial performance. These categories are identified and assessed using the corporate risk register.

For each principal risk category, the Board sets a defined risk appetite, and the Bank’s exposure is monitored and reported against this appetite to ensure risks remain within acceptable levels.

Details of the key risks, the mitigation in place, and any changes in risk profile during 2025 are provided below:

Risk Category	Mitigation	Update on risk profile in 2025
Business performance and strategic risk The risk arising from changes in the external business environment, shifts in the Bank’s business model, or ineffective implementation of the Bank’s strategy and key business decisions	• Well established planning, budgeting and stress testing processes. • Regular reporting and assessment of performance against budget. • Ongoing monitoring of economic metrics, market developments, industry trends and the wider economic outlook. • Annual review and update of the business plan. • Regular assessment of risks inherent in strategic decisions.	The strategic risk profile remained broadly stable in 2025, although the external environment continued to present uncertainty. While inflation eased in the second half of the year and the Bank of England reduced the base rate to 3.75% by year end, high deposit pricing persisted in the savings market for much of the year, contributing to margin pressure and requiring careful management. Subdued housing market activity and strong competition across specialist lending markets also influenced business planning and added to strategic execution risk. Several strategic initiatives progressed during the year, each carrying associated execution and integration risks. Strategic partnerships continued to evolve, broadening the Bank’s external relationships and supporting future growth. Lending activity also diversified further, with ongoing development in the co living sector and the establishment of a new brand in Asset Finance launched in early 2026. While these initiatives align with the Bank’s long term strategic direction, they require ongoing oversight to ensure that risks are appropriately identified, managed, and remain consistent with the Bank’s risk appetite as its capabilities expand. Technology and operational resilience remained central to mitigating strategic risk. Investments in digital enhancements, data infrastructure and platform improvements strengthened scalability and efficiency, while the integration of Bridging Finance into Mortgages is subject to careful oversight to ensure the anticipated operational and customer experience benefits are realised. Macroeconomic conditions remain a key source of strategic uncertainty. Although base rate reductions provided some easing during the year, the timing and pace of any further monetary policy changes remain uncertain, with implications for funding costs, customer behaviour and business performance. These factors, combined with ongoing regulatory developments and geopolitical uncertainty, were assessed through regular reviews and analysis throughout the year. In summary, the Bank managed its strategic risks effectively during 2025. A strengthened capital base, more diversified funding, and continued investment in technology and resilience supported delivery of strategic priorities in a challenging environment. The Bank continues to monitor emerging risks and external developments closely to ensure its strategy remains robust and aligned to risk appetite. More information on stress testing can be found in the Risk Management section on page 33.

Risk Category	Mitigation	Update on risk profile in 2025
Capital risk The risk of having insufficient capital to meet regulatory requirements and to support the Bank's business plan	• The Bank maintains a prudent capital base. • Regular stress testing and forward-looking management of capital resources and requirements, including managing loan book growth within projected capital capacity. • Annual assessment of capital adequacy through the ICAAP process. • Active monitoring of changing regulatory requirements.	The Bank continued to maintain a prudent level and mix of capital resources throughout 2025. Capital ratios remained comfortably above regulatory requirements for the duration of the year. At 31 December 2025, the Bank's CET1 ratio was 14.0% (2024: 13.0%) and the total capital ratio was 17.4% (2024: 15.9%). These levels reflect strong underlying capital generation and the benefit of strategic capital actions taken during the year. The Bank's capital position was strengthened during the year by the completion of the minority equity investment, via UTBP, and the issuance of Additional Tier 1 capital, both of which increased capacity to support future growth and provided additional resilience to absorb potential stress. The Bank exercised call options on certain existing Tier 2 instruments, reflecting a proactive approach to capital structure optimisation. The Bank of England's Countercyclical Capital Buffer ("CCyB") for UK exposures remained at 2% in 2025. In January 2026, the PRA published the final rules and implementation guidance for Basel 3.1, which comes into effect from 1 January 2027. The Bank has been following the development of the rules and their potential impact on the Bank and has incorporated Basel 3.1 into its capital planning.
Liquidity and funding risk The risk of the Bank being unable to meet its obligations as they fall due or doing so only at excessive cost.	• The Bank maintains a diverse funding profile raising deposits from Retail, Business and Charity counterparties with the majority of deposits covered by the Financial Services Compensation Scheme. • The Bank undertakes an annual assessment of liquidity adequacy through the ILAAP and manages liquidity on a forward looking basis, in accordance with both internal risk appetite metrics and regulatory requirements, supported by regular liquidity scenario analysis and stress testing overseen by the ALCO. • The Bank retains access to the Bank of England's Discount Window Facility and the ILTR and makes limited use of wholesale funding (ILTR and capital instruments).	The Bank maintained a stable funding base and appropriate liquidity levels throughout 2025, remaining within internal risk appetite and regulatory requirements. Deposit pricing continued to require close management as market savings rates stayed elevated for longer than lending rates. Despite this, the Bank grew and diversified its deposit base, supported by increased activity across core markets and the introduction of an easy access retail product. Aggregator platforms continued to be used for a small proportion of balances as a tactical funding tool. Funding needs were met consistently during the year. Customer repayment patterns were higher in some portfolios, and the Bank managed deposit cost and duration accordingly. The Bank completed repayment of the remaining £50m TFSME exposure in January 2025, nine months ahead of maturity. These repayments were funded through deposit growth and use of the Bank of England's ILTR facility which reached £80m in the year. Liquidity resources remained of high quality, held primarily with the Bank of England and in UK Government securities, and the Bank continued to maintain a prudent liquidity position throughout the year.

Risk Category	Mitigation	Update on risk profile in 2025
Credit risk The risk of financial loss from borrowers who are unable or unwilling to meet their financial obligations when due (including concentration risk to groups of borrowers, industry sectors or geographic regions). Credit Risk is one of the Bank's most significant risks.	• The Bank operates in markets of which it has a good understanding and significant expertise. • Established policies and procedures that are regularly reviewed and updated. • Diversified and fully secured exposures. • Well defined risk-based delegated underwriting authorities. • Verified borrower credit-worthiness and track record. • Regular review of portfolio performance and risk appetite. • Forward looking assessment of market dynamics. • Conservative lending criteria expressed through credit risk rating scores. • Established detailed limits to manage exposures including concentration risks.	In the year, the Bank's loan book grew by 12%. This reflected sustained origination levels across most divisions, despite a challenging external environment characterised by higher interest rates, subdued housing activity and continued competitive pressures in specialist lending markets. Higher risk exposures as a proportion of the overall portfolio increased to 6.31% as at 31 December 2025 (2024: 5.36%). This increase was primarily driven by a small cohort of Property Development and Bridging Finance loans affected by the subdued housing market, resulting in a greater proportion of exposures migrating into higher risk categories. The proportion of higher risk exposures across the Bank's portfolios remained within the Bank's risk appetite and continued to be subject to enhanced monitoring and oversight. In the year, the Bank introduced a new metric for relevant portfolios to monitor loans in recovery, (being the percentage of loan in recoveries) which stood at 5.80% as at 31 December 2025; the equivalent figure for 2024 would have been 4.59%, further evidencing the increase in higher risk category loans. Mortgage and Asset Finance arrears increased modestly during the year in line with market conditions; however, the impact on loan losses and provisions remained limited due to the Bank's conservative loan to value policies and secured exposures. Impairment charges increased to £13.6m in 2025 (2024: £1.7m), primarily reflecting provisions raised against a small number of property exposures. While higher than the prior year, which was at historically low levels, the 2025 provisions charge remained within appetite and aligned to the Bank's approach to identifying and recognising emerging credit risks. Further details on impairment provisions can be found in note 9. Although inflation eased, interest rates remained elevated and housing market activity was subdued throughout 2025. These conditions continued to influence borrower affordability and repayment behaviour. Management therefore maintained close oversight of credit performance and regularly reviewed credit appetite to ensure the overall portfolio remained resilient and aligned with the Bank's conservative lending standards and risk appetite.
Market risk For the Bank, market risk is primarily limited to interest rate risk, namely the risk that the value of the Bank's assets and liabilities, or its profitability, will fluctuate due to changes in interest rates. The Bank has no material exposure to foreign currencies.	• Regular ALCO meetings to review the structure of the balance sheet and the results of interest rate stress testing. • Management of interest rate risk through careful management of the repricing profile of assets and liabilities and the use of interest rate swaps. • Management of basis risk through the management of the structure of the balance sheet. • Ongoing monitoring of earnings sensitivity and economic value sensitivity under a range of internal and regulatory scenarios. • Use of internal early warning indicators to identify emerging interest rate risk trends and enable timely management actions.	Market interest rate risk remained a key area of focus in 2025 as the interest rate environment continued to evolve. The Bank of England reduced the base rate during the year, declining from 4.75% at the end of 2024 to 3.75% by December 2025. Although base rates decreased, deposit market rates remained elevated for longer than lending rates, contributing to ongoing margin pressure for the sector and influencing overall interest rate sensitivity within the balance sheet. This divergence between asset and liability repricing dynamics required continued close monitoring of the Bank's interest rate gap positions. The shape of the market yield curve also shifted during 2025, with shorter dated rates falling more quickly than longer dated rates, resulting in the curve being notably inverted at the start of the year to being mildly upward sloping by the year end. These movements influenced the cost of deposits and the pricing of new lending, and the Bank continued to monitor the potential impact on earnings and economic value through regular interest rate risk assessments. As older, higher cost deposits matured and were replaced at lower but still elevated market rates, the Bank continued to experience pressure on net interest margin. This compression was consistent with the broader market dynamics noted across the banking sector and reflected the timing mismatch between the repricing of assets and liabilities. Interest rate hedging remained an important tool in mitigating the short term volatility arising from these timing differences The Bank maintained its simple and transparent balance sheet structure and continued to manage interest rate risk through the maturity profile of its deposits and its use of interest rate swaps. Both pay fixed and receive fixed swaps remained in use and supported the management of interest rate risk. At year end, the Bank had notional values of £460m pay fixed swaps (2024: £220m) and £230m receive fix swaps (2024: £100m) outstanding. Further analysis of the Bank's interest rate sensitivity is presented in note 25.

Risk Category	Mitigation	Update on risk profile in 2025
Operational risk Operational risk is the risk of loss arising from inadequate or failed processes, people and systems or from external events. Operational risks include cyber risk and risks related to operational resilience and the use of outsource service providers. Cyber risk is the risk of the Bank's information technology systems being penetrated to steal data or otherwise cause harm or disruption.	- Established policies and procedures that are regularly reviewed and updated. - Experienced staff are employed. - Formal and on the job training is provided. - A regular Risk Control Self-Assessment process to ensure that risks are identified and managed effectively. - Independent assurance testing. - Regular risk incident reporting and lessons learned analysis. - Specialist cyber risk management tools deployed across the Bank. - Dedicated cyber security staff and resources who manage a range of preventative, detective and recovery measures. - Phishing and cyber awareness training provided to all staff. - Established and tested Disaster Recovery and Business Continuity Plan arrangements.	During 2025, the external cyber threat environment remained elevated, with several high profile UK organisations experiencing significant ransomware and supply chain attacks. These incidents reinforced sector wide concerns about the increasing sophistication of threat actors and the vulnerability of third party ecosystems. Against this backdrop, the Bank's cyber controls continued to perform effectively. Testing undertaken during the year supported strong detection and containment of simulated threats, and staff training continued to support early identification and escalation of suspicious activity. Oversight of third party suppliers remained a key area of focus, reflecting the broader increase in supply chain related cyber incidents across the UK. The Bank made further progress on improving its operational resilience, continuing preparations to meet regulatory expectations for Important Business Services. Work during the year strengthened end to end processes, recovery arrangements and operational dependency assessments. The Bank also advanced several technology and data initiatives, including enhancements to core platforms and ongoing development of the Data Warehouse. These projects carried inherent change related risks, which were managed through established governance and testing processes. Business continuity and disaster recovery arrangements remained robust, and no operational incidents of material impact occurred during the year.
Conduct and compliance risk The risk of financial loss, regulatory sanctions, or loss of reputation as a result of failure to comply with applicable laws and regulations and standards of good practice, including the risk of poor outcomes for customers.	- Employment of experienced professionals in relevant areas supplemented with the use of external specialists where appropriate. - Regular monitoring of risks by the Compliance and Conduct Management Committee, Risk Committee and Board. - Effective horizon scanning process to identify regulatory change. - Staff regularly attend external regulatory events. - Straightforward and uncomplicated products. - Regular monitoring of customer outcomes through assurance testing and compliance reviews. - An established Conduct Risk Framework which includes Consumer Duty, Vulnerable Customers and Complaints. - Regular Consumer Duty, culture and conduct risk reporting and a comprehensive and evolving governance framework. - Regular department and role specific staff training provided. - Compliance Policy Framework (including whistleblowing and conflicts of interest). - Product Governance Policy & Product Price and Fair Value Framework. - Intermediary Approval and Oversight Policy . - Established processes for anti-money laundering, sanctions and fraud checking at relationship inception and in-life. - Established Data Protection Framework. - An active and open dialogue with regulators.	The Bank continued to offer straightforward products in 2025 and maintained regular monitoring of customer outcomes through its established assurance and review processes. Staff training remained an important control, with updates delivered across Consumer Duty, financial crime and data protection. Regulatory change continued to be monitored closely, with activity undertaken in response to developments in conduct, prudential and operational requirements. Engagement with regulators remained constructive throughout the year. The FCA's Motor Finance Commission investigation was a key area of focus. The Bank completed reviews of relevant historic commission arrangements and customer cohorts. Based on current analysis, any potential impact is expected to be immaterial, and work will continue into 2026 as the FCA finalises its industry wide approach. In 2025, the Bank became a member of the whistleblowing charity Protect and delivered refresher training to senior management. The Bank also engaged Protect to benchmark its whistleblowing arrangements against industry best practice. Overall, conduct and compliance risks remained within appetite, supported by ongoing monitoring, established governance and continued investment in staff capability.

Emerging Risks

In addition to the risks described above, the Board also considers emerging risks. The Bank defines an emerging risk as a risk that may become material in the delivery of the Bank's strategic objectives, but where the scale, likelihood or timing of impact may not yet be fully understood or assessed. The Bank's suite of principal risks is therefore accompanied by emerging risks reflecting broader market, regulatory and operational uncertainties. Specific emerging risks include:

Economic Uncertainty

The risk that changes in the macroeconomic environment or consumer sentiment negatively impact the Bank's performance or strategic goals.

Economic uncertainty remains an important emerging risk, with the outlook for growth, housing activity and borrower confidence still unclear despite early signs of stabilisation. The pace of monetary policy normalisation and developments in global trade and fiscal policy continue to create unpredictability around future economic conditions.

The Bank is closely monitoring these evolving factors, focusing on lending quality, customer affordability and repayment behaviour. Regular reviews of risk appetite and forward looking stress testing help ensure resilience should economic conditions shift.

Geopolitical Uncertainty

The risk that UK or global political events result in disruption to the business or negatively impact business performance or strategic goals.

Geopolitical uncertainty is expected to remain a significant emerging risk beyond 2025, with rising global tensions and the potential for state based conflict identified as major worldwide concerns. Increasing geoeconomic pressures, including shifts in trade policy, sanctions activity and wider geopolitical realignments, continue to create an unpredictable external environment.

Although the Bank operates solely within the United Kingdom, these emerging risks may indirectly affect future market conditions, customer sentiment and the stability of supply chains that support the financial sector. The Bank is monitoring these developments closely and assessing how evolving geopolitical dynamics could influence its operating environment in the years ahead.

Cyber Threat Risk

The risks arising from inadequate internal and external information and cyber security, including indirect exposure through third party breaches.

The external cyber threat landscape remained elevated in 2025, with several well-known UK organisations experiencing major ransomware and supply chain attacks. These incidents highlighted the rapid evolution of cyber threats and the vulnerabilities that may arise in interconnected third party ecosystems. The Bank continues to strengthen its cyber controls, staff training and oversight of critical suppliers to mitigate these emerging risks.

Climate Change

Physical risks and the risk that the transition to a low carbon economy affects demand for the Bank's products and services.

Climate change remains an emerging risk due to the evolving nature of climate science, regulatory expectations and transition risk and the potential for increasing physical risks. While this remains a developing area, the Bank is taking a proportionate and structured approach to enhancing its capabilities and meeting recently updated regulatory guidance and expectations. Details on the Bank's approach to climate change risk can be found on pages 16 to 17.

Regulatory and Legal Change

The risk that new or evolving laws, regulations or supervisory expectations create future impacts that are not yet fully known or assessed.

Regulatory and legal change remained an emerging risk in 2025. There were continued developments in operational resilience, data standards, Consumer Duty expectations and forthcoming prudential reforms such as Basel 3.1 and the Small Domestic Deposit Takers regime. In addition, the FCA's work on the Motor Finance Commission review represents an emerging area of regulatory focus. The Bank maintains a horizon scanning process and engages proactively with regulators and industry bodies to monitor these evolving areas and prepare for change.

Artificial Intelligence

The risk that increased use of artificial intelligence or advanced models introduces new forms of error, bias or governance challenges that are not yet fully understood.

Artificial Intelligence adoption continued to accelerate across financial services in 2025, alongside heightened regulatory focus on explainability and oversight. While the Bank's use of AI remains measured, the evolving nature of this technology presents an emerging risk. The Bank monitors the ongoing development of the risks and opportunities presented by artificial intelligence.

Third Party and Supply Chain Dependency Risk

The risk that reliance on external providers introduces vulnerabilities that may emerge through operational or cyber disruption affecting third parties.

High profile cyber and operational incidents across UK industries in 2025 highlighted potential risks associated with third party dependencies. As reliance on outsourced and technology driven services grows, new vulnerabilities may emerge. The Bank continues to enhance its oversight of critical suppliers and assess resilience across key operational dependencies.

Financial Crime Evolution

The risk that increasingly sophisticated fraud techniques or technological advances create new threats that are not yet fully understood or captured by existing controls.

Financial crime methodologies continued to evolve in 2025, including more advanced impersonation attempts, synthetic identity creation and digital fraud techniques. These developments create an increasing and rapidly evolving emerging risk. The Bank continues to strengthen its financial crime controls, analytical tools and capabilities and staff awareness to mitigate these threats.



Financial Statements

Independent auditors' report to the members of United Trust Bank Limited

Report on the audit of the financial statements

Opinion

In our opinion, United Trust Bank Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report & Accounts 2025 (the "Annual Report"), which comprise:

- the Statement of Financial Position as at 31 December 2025;
- the Income Statement for the year then ended;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 3, we have provided no non-audit services to the company in the period under audit.

Our audit approach Overview

Audit scope	• The scope of our audit and the nature, timing and extent of audit procedures performed were determined by our risk assessment and other qualitative factors (including history of misstatement through fraud and error)
Key audit matters	• Loan impairment and provisioning
Materiality	• Overall materiality: £4.0 million (2024: £4.3 million) based on approximately 5% of Profit on ordinary activities before tax. • Performance materiality: £3.0 million (2024: £3.2 million).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors, including 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, and any comments we make on the results of our procedures thereon, 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.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
<i>Loan impairment and provisioning</i> Refer to note 8: Loans and advances to customers and note 9: Provision for impairment losses on loans and advances to customers. The company has an impairment provision of £19.3m to account for incurred impairment losses on the loan book. The provision is split between a collective provision of £3.2m to account for losses that have not yet been individually identified, and an individual impairment provision of £16.1m to cover losses on individually impaired loans. We focus on this area given the judgements and degree of estimation uncertainty involved in the impairment assessment. While our audit testing covers both the collective and specific provisions, the highest degree of estimation uncertainty is considered to be the level of provision required for individually impaired loans in the Property Development and Structured Property Solutions portfolios. These loans are considered by management on a case-by-case basis using discounted cash flow models that require assumptions over future costs/property sale values and time to sell which can result in subjectivity in the estimate.	• We evaluated the design and implementation of the key controls over the loan impairment process. • We evaluated the conceptual soundness of the impairment methodology to assess whether it is in compliance with the requirements of FRS 102. • For a sample of loans that were individually impaired, including the most significant exposures, we evaluated the reasonableness of the assumptions used in the discounted cash flow model given the borrowers' circumstances. • We assessed the reasonableness of the valuations of collateral by reviewing third party valuations (where available) and comparable recent sales. Where considered warranted, we used our internal valuation experts to further challenge the reasonableness of management's external valuations used as an input to the provisioning assessments. • We tested the completeness of the individually assessed provision by selecting a sample of exposures that were not individually assessed for impairment. Our work over these exposures included obtaining evidence over the collateral held, confirming that monitoring of the development project was performed and assessing whether there were any indications that the loan should be considered impaired. • We evaluated the adequacy of the disclosure relating to impairment of loans and advances to customers.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

We performed a risk assessment, giving consideration to relevant external and internal factors, including macroeconomic risk, relevant accounting and regulatory developments, as well as the company's strategy.

Key management and business activities, including the financial reporting processes and the core systems, are located in London.

The structure of our audit reflects the nature of the company and its operations, with all work performed by one team based in London.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the company's financial statements. These procedures included consideration of the impact of climate risk on loan provisioning.

Independent auditors’ report to the members of United Trust Bank Limited

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

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

Overall company materiality	£4.0 million (2024: £4.3 million).
How we determined it	Approximately 5% of Profit on ordinary activities before tax.
Rationale for benchmark applied	Profit on ordinary activities before tax is considered a primary measure used by the shareholders in assessing the performance of the company and is a generally accepted auditing benchmark.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2024: 75%) of overall materiality, amounting to £3.0 million (2024: £3.2 million) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.2 million (2024: £0.2 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

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

- Evaluation of the directors’ going concern assessment, including consideration of the impact of current economic environment;
- Evaluation of management’s financial forecasts and the accuracy of the budgeting process through a comparison of the 2025 budget and the actual results;
- Assessing the reasonableness of management’s severe but plausible scenario and considering whether management actions that can be deployed to increase regulatory capital ratios, if required, are reasonable. We considered whether it was reasonable to assume the company would continue to operate above required regulatory capital and liquidity minima during times of stress;
- Reviewing management’s stress testing of liquidity and evaluation of the impact on liquidity of past stress events. We also substantiated the liquid resources held, and liquidity facilities available to the company, for example, with the Bank of England;
- Meeting with the Prudential Regulation Authority to understand their perspectives on the company’s capital and liquidity positions; and
- Reading and evaluating the adequacy of the disclosure made in the financial statements in relation to going concern and checked the consistency of the disclosures with our knowledge of the company based on our audit.

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

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company’s ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors’ report thereon. The directors are responsible for the other information. Our opinion on the financial statements does

not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2025 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' 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 auditors' 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.

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of the rules of the Financial Conduct Authority (FCA) or the Prudential Regulation Authority (PRA), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as UK tax legislation and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting journal entries to manipulate reported financial performance and management bias in accounting estimates.

Audit procedures performed by the engagement team included:

- performing enquiries of the Audit Committee, senior management (including risk and compliance), and internal audit, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- performing enquires of the PRA and review of key correspondence with the PRA and FCA in relation to compliance and regulatory matters;
- incorporating unpredictability into the nature, timing and/or extent of our testing;
- challenging assumptions and judgements made by management in their estimation of the provisioning on loans and advances to customers and assessing whether these were indicative of management bias; and
- identifying and testing selected journal entries including those posted to unusual account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Independent auditors' report to the members of United Trust Bank Limited

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained 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
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

We were first appointed by the company for the financial year ended 31 December 2022. Our uninterrupted engagement covers four financial years.



Luke Hanson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

26 February 2026

Income Statement

For The Year Ended 31 December 2025

	Note	2025 £'000	2024 £'000
Interest receivable and similar income	2	342,801	320,696
Interest payable and similar charges		(166,396)	(155,666)
Net interest income		176,405	165,030
Other income / (charges)		26	(59)
Operating income		176,431	164,971
Administrative expenses	3	(82,353)	(75,360)
Depreciation and amortisation		(1,763)	(1,578)
Provision for impairment losses	9	(13,629)	(1,664)
Profit on ordinary activities before tax		78,686	86,369
Tax charge for the year	5	(18,006)	(20,597)
Profit after tax retained for the financial year		60,680	65,772

The above results are derived wholly from continuing operations. The notes on pages 48 to 67 form an integral part of these financial statements.

Statement of Comprehensive Income

For The Year Ended 31 December 2025

	2025 £'000	2024 £'000
Profit for the financial year	60,680	65,772
Total comprehensive income	60,680	65,772

Statement of Financial Position

At 31 December 2025

	Note	2025 £'000	2024 £'000
Assets			
Loans and advances to central bank	7	369,339	204,053
Loans and advances to other banks	7	63,472	77,909
Loans and advances to customers	8	3,895,213	3,487,345
Loans to group companies	17	700	499
Debt securities	10	100,346	118,562
Derivative financial instruments	11	1,207	3,600
Equity shares	12	1,300	1,300
Tangible fixed assets	13	757	697
Intangible assets	14	7,885	6,790
Other assets	15	10,418	12,505
Total assets		4,450,637	3,913,260
Liabilities			
Deposits from customers	16	3,847,845	3,407,271
Loans from central bank	16	80,462	60,648
Loans from group companies	17	1,678	3,048
Derivative financial instruments	11	2,388	279
Other liabilities	18	18,224	22,549
Long-term subordinated debt	20	27,204	56,603
Total liabilities		3,977,801	3,550,398
Capital and Reserves			
Share capital	21	10,500	10,350
Share premium		33,030	25,680
Contingent convertible securities	22	65,913	16,851
Retained earnings		363,393	309,981
Total capital and reserves		472,836	362,862
Total equity and liabilities		4,450,637	3,913,260

The notes on pages 48 to 67 form an integral part of these financial statements.

The financial statements of United Trust Bank Limited were approved by the Board of Directors and authorised for issue on 26 February 2026. They were signed on its behalf by:



Harley Kagan
Chief Executive Officer
26 February 2026



Jonathan Ayres
Chief Financial Officer
26 February 2026

Statement of Changes in Equity

For The Year Ended 31 December 2025

	Share capital	Share premium	Contingent convertible securities	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000
At 1 January 2024	10,350	25,680	16,851	246,918	299,799
Profit for the financial year	-	-	-	65,772	65,772
Coupon payable on contingent convertible securities	-	-	-	(2,709)	(2,709)
Share based payments charge	-	-	-	1,526	1,526
Share based payments recharged from parent	-	-	-	(1,526)	(1,526)
At 31 December 2024	10,350	25,680	16,851	309,981	362,862
Profit for the financial year	-	-	-	60,680	60,680
Shares issued (net of issue costs)	150	7,350	-	-	7,500
Contingent convertible securities issued (net of issue costs)	-	-	49,062	-	49,062
Coupon payable on contingent convertible securities	-	-	-	(7,268)	(7,268)
Share based payments charge	-	-	-	1,805	1,805
Share based payments recharged from parent	-	-	-	(1,805)	(1,805)
At 31 December 2025	10,500	33,030	65,913	363,393	472,836

Notes to the Financial Statements For The Year Ended 31 December 2025

1. Summary of significant accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and preceding years.

a. General information and basis of accounting

United Trust Bank Limited ("the Bank" or "the Company") is a private company limited by shares incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 68. The nature of the Bank's operations and principal activities are set out in the Strategic Report on pages 8 to 11 and Directors' Report on pages 20 to 21.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, in accordance with:

- Financial Reporting Standard 102 ("FRS 102") issued by the Financial Reporting Council; and
- the provisions of Statutory Instrument No. 410 ("Large and Medium sized companies and groups") – schedule 2 part 1, relating to banking groups.

The functional and presentational currency of the Bank is Pounds Sterling, as that is the currency of the primary economic environment in which the Bank operates and the currency of the transactions the Bank undertakes. Except where otherwise stated, all figures in the financial statements are rounded to the nearest thousands of pounds sterling (£'000).

The Bank meets the definition of a Qualifying Entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it. Exemptions have been taken in relation to the presentation of a cash flow statement and remuneration of key management personnel.

Standards Issued but not yet effective

In March 2024, the Financial Reporting Council issued amendments to FRS 102, including a revised Section 20 relating to Leases. The amendments are effective for accounting periods beginning on or after 1 January 2026, with early adoption permitted. The revised requirements introduce a common approach for lessees, under which a right of use asset and a corresponding lease liability are recognised on balance sheet for most leases. This represents a change from the current treatment of operating leases, which are recognised off balance sheet.

UTB is assessing the impact of the amendments on its financial statements. The most significant effect is expected to arise from property leases, resulting in an increase in recognised assets and liabilities. The impact on profit recognition and key financial metrics, including depreciation and interest expense, is being evaluated but is not expected to be material. UTB will adopt the approach from 1 January 2026 and apply the modified retrospective approach on transition and therefore will not restate prior year comparatives.

b. Going concern

The Bank's business activities, together with the factors likely to affect its future development and performance are set out in the Principal Risks and Uncertainties section of the Risk Management Report. In determining the going concern status the directors have considered:

- Business Performance, Strategic Risk, Conduct and Compliance Risk and operational resilience
- Capital Risk:
 - The ability of the Bank to conduct its business profitably and generate sufficient revenues to cover costs
 - Sufficiency of capital resources to sustain the Bank's existing and planned business activities and maintain compliance with current and future regulatory requirements

- Liquidity Risk: Adequacy of liquidity to fund the Bank's activities (including FSCS coverage, maturity profile and funding diversification) and to satisfy regulatory requirements
- Credit Risk: The credit quality of the Bank's loan book, based on recent experience and the Bank's credit policies

A "severe but plausible" stressed forecast scenario has also been modelled as part of the going concern assessment, including a significant fall in the House Price Index, as well as a rise in base rate and inflation. The scenario results in increased credit losses, delayed loan repayments and margin compression. UTB can continue to trade in this scenario, maintaining a surplus to capital and liquidity regulatory minimums.

After considering the review of the Bank's operations and having made suitable enquiries, the directors have a reasonable expectation that the Bank has adequate resources, even under a stress scenario to continue in operations for a period of at least 12 months from the date of approval of these Financial Statements. Thus, the Bank continues to adopt the going concern basis of accounting in preparing the annual financial statements.

c. Income recognition

Interest income and interest expense for all interest bearing financial instruments along with fee income and expense are recognised in the income statement using the Effective Interest Rate ("EIR") method. The EIR is the rate that discounts the expected future cash flows, over the expected life of the financial instrument, to the net carrying value of the financial asset or liability.

The EIR calculation includes all fees paid or received between parties to a contract that are an integral part of the interest rate, and are shown as interest income. Fees subject to EIR include product arrangement and transfer fees, redemption fees and broker commissions.

d. Taxation

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

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

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or future taxable profits. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

e. Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

- Computer and office equipment
 - between 10% and 33% per annum
- Leasehold improvements
 - over the remaining life of the lease
- Motor vehicles
 - 20% per annum

Residual value represents the estimated amount which would be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

f. Intangible assets

Purchased software and costs directly associated with the development of computer software are capitalised as intangible assets where the software is a unique and identifiable asset controlled by the Company and will generate future economic benefits.

Software is amortised on a straight-line basis in profit or loss over its estimated useful life, which is generally 7 years. Intangible assets are reviewed for impairment on an annual basis.

g. Leases

Classification: A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

The Bank as a lessor: Finance leases are recognised on the balance sheet at an amount equal to the gross investment in the lease discounted at its implicit interest rate. The gross investment in the lease is the aggregate of a) the minimum lease payments receivable by the lessor under a finance lease; and b) any unguaranteed residual value accruing to the lessor. The recognition of finance income is based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

The Bank as a lessee: Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

h. Financial instruments

With the exception of derivative financial instruments (see note 1(j)) and equity instruments (see note 1(h)(ii)), all financial assets and financial liabilities are basic financial instruments and are recognised when the Bank becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Bank after deducting all of its liabilities.

(i) Financial assets and liabilities

Initial recognition

Basic financial assets and liabilities are initially measured at transaction value (including transaction costs). Financial assets and liabilities are only offset in the statement of financial position when there exists a legally enforceable right to set off the recognised amounts and the Bank intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Subsequent recognition

Basic financial assets and liabilities are subsequently measured at amortised cost less impairment. Amortised cost is measured using the EIR method. For non-interest bearing financial instruments payable or receivable within one year on normal business terms, amortised cost is measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

Derecognition

Financial assets are derecognised when: a) the contractual rights to the cash flows from the financial asset expire or are settled; b) the Bank transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or c) the Bank, despite having retained some, but not all, of the significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the contractual obligations are discharged, cancelled or expire.

(ii) Equity instruments

Equity instruments issued by the Bank are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

Financial instruments that include no contractual obligation to deliver cash or another financial asset are classified as equity. The Bank's contingent convertible securities are perpetual and were issued with terms that include discretion over the payment of interest and have therefore been included as equity.

The Bank holds an investment in equity shares which are not publicly traded and the fair value cannot be measured reliably. As a result the asset is measured at cost less impairment.

(iii) Participation in the Bank of England's Term Funding Scheme with additional incentives for SMEs ("TFSME") and Indexed Long-Term Repo ("ILTR") Facility

The Bank participates in the Bank of England's Indexed Long-Term Repo (ILTR) Facility and, until January 2025, participated in the Term Funding Scheme with additional incentives for SMEs (TFSME). These schemes allow participants to borrow cash from the Bank of England against collateral, in the form of certain eligible loans and UK Government debt, placed with the Bank of England.

Loans and UK Government debt over which the Bank transfers its rights to the collateral thereon to the Bank of England are not derecognised from the statement of financial position as the Bank retains substantially all the risks and rewards of ownership including all cash flows arising from the loans and UK Government debt and exposure to credit risk. The cash received against the transferred assets is recognised as an asset within the statement of financial position, with the corresponding obligation to return it recognised as a liability at amortised cost within 'Loans from central bank'. Interest is accrued over the life of the agreement on an EIR basis.

i. Impairment of assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash receipts, discounted at the asset's original effective interest rate.

The Bank conducts regular assessment of financial assets for objective evidence of impairment. If there is evidence for impairment then an impairment loss is immediately recognised in the profit and loss account. The key trigger for impairment is when the borrower is experiencing difficulties which threaten their ability to fulfil the credit obligation to the Bank. This could be due to, but not limited to, payment arrears, material breach of covenants, material overruns, adverse trends in operations, or a deterioration in security value or quality.

Specific provision assessments involve two different methods for calculation. The first method, used for the Property lending businesses and Asset Finance business, is an estimation in relation to the future cash flow timings, future sale proceeds, expected costs associated with sales and any rental income to be received. The second method, is a model based approach for calculating specific provisions the Mortgages business in which each loan is individually modelled to assess impairment.

All assets that are not considered for a specific provision are assessed collectively. Collective provisions are calculated using agreed rates based on historic experience.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

j. Derivative financial instruments

The Bank holds interest rate swap derivative contracts which have a different accounting treatment to basic financial instruments.

Initial recognition

A derivative financial instrument is recognised when the Bank becomes party to the contractual provisions of the instrument. Derivatives are initially recognised at fair value on the date a derivative contract is entered into.

Subsequent recognition

Derivative financial instruments are subsequently re-measured to their fair value at the end of each reporting year.

Hedge accounting

The Bank designates derivatives as hedging instruments by hedging the fair value of recognised assets or liabilities or firm commitments (fair value hedges).

At the inception of the hedge relationship, the Bank documents the relationship between the hedging instrument and the hedged item along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge, and on an ongoing basis, the Bank documents whether a hedging relationship meets the hedge effectiveness requirements under IAS 39 and whether there continues to be an economic relationship between the hedged item and the hedging instrument.

Interest rate swaps are held to mitigate interest rate risk and hedge accounting is therefore applied. The hedge relationship is designated as fair value hedge which is the hedge of exposure to changes in fair value of recognised assets and liabilities or firm commitments attributable to interest rate risk and could affect profit or loss.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate assets or liabilities is recognised in profit or loss within finance costs, together with changes in the fair value of the hedged fixed rate assets or liabilities attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in profit or loss within other charges. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

k. Pension costs and other post-retirement benefits

The Bank operates defined contribution pension schemes for all qualifying employees. The amount charged to the Income Statement in respect of pension costs is the value of contributions payable during the year. Differences between contributions payable during the year and contributions actually paid are included within accruals or prepayments in the balance sheet.

l. Share-based payments

The Bank's parent company, UTB Partners Plc, issues equity-settled share options to certain directors and employees of the Bank. The share options are issued by UTB Partners Plc and the charge for the scheme is recognised in the Bank via an inter-company recharge. Equity-settled share option payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date is expensed on a graded vesting basis over the vesting period, based on the Bank's estimate of options that will eventually vest and adjusted for the effect of non-market based vesting conditions.

The fair value of any options granted is assessed using the Black Scholes model for awards with simple exercise conditions, and a Monte Carlo simulation for awards that include market based or variable performance conditions. The valuation reflects the specific terms of the options, including the strike price and an estimate of the parent company's share price at the grant date. Other inputs to the pricing models are based on management's best estimate, including: the expected life, which considers non-transferability, exercise restrictions and behavioural factors; the volatility measure, which reflects that the shares are unlisted and there is no active trading in them; and profitability projections, which consider past and projected performance.

m. Capital and subordinated debt raising expenses

Qualifying costs attributable to the issuance of capital and subordinated debt are netted against issue proceeds. They include any incremental costs that are directly attributable to issuing the instruments, such as advisory and underwriting fees.

n. Judgements in applying accounting policies and critical accounting estimates

In the application of the Bank's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

The resulting accounting estimates will often, by definition, not equal the related actual results. Where such differences arise, the estimates and assumptions that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Significant estimates

Loan book impairments:

Provision assessments for individually significant loans may require estimation in relation to the future cash flow timings, future sale proceeds, expected costs associated with sales and any rental income to be received. Should actual cash flows differ from those that have been estimated, the carrying value of individually significant loans could be materially different. See note 9 for further information.

Judgements

Classification of contingent convertible securities:

The classification of the contingent convertible securities is a judgement made by management. The Bank had £65.9 million of Fixed Rate Reset Additional Tier 1 Perpetual Subordinated Contingent Convertible Securities in issue at 31 December 2025 (the "AT1 Securities"), see note 22 for further details.

The AT1 Securities are perpetual and have no fixed redemption date. Interest is payable on the AT1 Securities annually in arrears and is non-cumulative. The Company has the full discretion to cancel any interest scheduled to be paid on the AT1 Securities. In the event of the Company's regulatory CET1 ratio falling below 7 percent, the 2015 and 2017 AT1 Securities would convert into Ordinary shares of the Company and the 2025 AT1 Securities would be written down to zero.

The AT1 Securities (net of the associated issuance costs) have been classified as equity within the Statement of Financial Position. The decision to classify the AT1 Securities as equity required management to consider the individual terms attached to the AT1 Securities, including the conversion clauses. This decision is supported by external legal and professional advice.

2. Interest receivable and similar income

	2025	2024
	£'000	£'000
Interest charged to customers	300,425	279,518
Interest from banks and debt securities	16,794	16,221
Fees and commissions income on EIR basis	36,483	33,536
Fees and commissions expense on EIR basis	(12,619)	(11,363)
Interest income on financial assets not measured at fair value through profit and loss	341,083	317,912
Derivative interest income	1,718	2,784
Interest receivable and similar income	342,801	320,696

3. Administrative expenses

	2025	2024
	£'000	£'000
Staff costs:		
- wages and salaries	41,876	37,819
- share based payments	1,805	1,526
- social security costs	7,437	5,736
- pension costs	4,024	3,520
- other staff costs	2,804	2,171
Fees payable to the Company's auditors:		
- audit of Company's annual financial statements	424	400
- audit of parent company's annual financial statements	67	79
Total audit fee	491	479
- audit related assurance services	43	54
- other assurance services	13	-
Total non-audit fee	56	54
Total fees payable to Company's auditor	547	533
Loss on disposal of tangible and intangible assets	79	8
Operating Leases: Property	1,899	1,466
Other administrative expenses	21,882	22,581
	82,353	75,360

The average number of people employed by the Bank (including executive directors) during the year was 445 (2024: 425). At the end of the year, the Bank employed 435 people (2024: 435). Staff costs include directors' remuneration set out in note 4.

The average number of people employed by the Bank is analysed below:

	2025	2024
	Average No.	Average No.
Lending	259	269
Treasury and central services	186	156
	445	425

4. Directors' remuneration

	2025 £'000	2024 £'000
The remuneration of the directors was as follows:		
- emoluments	2,770	3,111
- company contribution to money purchase pension schemes	30	33
	2025 No.	2024 No.
The number of directors who:		
Are members of money purchase pension schemes	3	3
3 of the directors exercised share options in the parent's shares during the year (2024: none).		

	2025 £'000	2024 £'000
The above amounts for remuneration include the following in respect of the highest paid director:		
- emoluments and incentive schemes	1,074	1,353
- other pension costs	10	10

5. Tax charge for the year

Analysis of tax charge on ordinary activities

	2025 £'000	2024 £'000
Current tax on profit on ordinary activities	18,497	21,670
Adjustments in respect of prior year:		
- UK corporation tax	(417)	(541)
Total current tax	18,080	21,129
Deferred tax:		
- origination and reversal of timing differences	(388)	(662)
- effect of increase in tax rate on opening asset	(17)	(113)
- prior year adjustment	331	243
Total deferred tax for the year	(74)	(532)
Total tax on profit on ordinary activities	18,006	20,597

The standard UK corporation tax rate for the financial year is 25.0% (2024: 25.0%). An additional 3.0% (2024: 3.0%) surcharge applies to banking company profits as defined in legislation, but only above a threshold amount which is not exceeded by the current year banking company profits.

The Bank does not expect to fall within the scope of the OECD Pillar 2 Global Minimum Tax rules, as the consolidated revenue of UTBP and its subsidiaries, remains below the applicable threshold for implementation.

The effective tax rate of 22.9% (2024: 23.8%) is below the UK corporation tax rate primarily due to tax relief from the coupon paid on contingent convertible securities recognised in equity.

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

	2025 £'000	2024 £'000
Profit on ordinary activities before tax	78,686	86,369
Tax charge at 25.0% (2024:25.0%) thereon:	19,672	21,592
Effects of:		
- expenses and provisions not deductible for tax purposes	99	96
- tax rate changes on deferred tax balances	(17)	(113)
- other timing differences	155	(3)
- prior year adjustment	(86)	(298)
- tax on items recognised in equity	(1,817)	(677)
Total tax charge for the year	18,006	20,597

6. Share-based payments

Equity-settled share option schemes

The Bank's parent company has three share option schemes for some of the Bank's directors and employees. For two of these schemes, the vesting period is four years and one of them contains a performance condition linked to return on equity. The third scheme has both market and performance based vesting conditions linked to the parent company's share price and return on equity. For all three schemes, the options expire if they remain unexercised after a period of ten years from the date of grant and unexercised options are forfeit if the director or employee leaves the Bank before the options vest.

Details of the share options outstanding during the year are as follows:

	2025 Number of share options	2025 Weighted average exercise price (£)	2024 Number of share options	2024 Weighted average exercise price (£)
Outstanding at beginning of year	446,100	25.00	438,375	25.80
Granted during the year	107,000	1.00	14,000	1.00
Exercised during the year	(172,631)	24.08	-	-
Lapsed during the year	(13,105)	16.15	(6,275)	27.24
Outstanding at the end of the year	367,364	18.76	446,100	25.00
Exercisable at the end of the year	202,180		383,742	

The parent company, UTB Partners Plc has acquired, via the UTB Employee Benefit Trust (the "EBT"), 256,344 shares (2024: 405,000) to settle the issuance of options shown above.

The options outstanding at 31 December 2025 had a weighted average exercise price of £18.76 (2024: £25.00) and a weighted average remaining contractual life of seven years.

The total expense recognised in the income statement in respect of share based payments for the year was £1,805k (2024: £1,526k).

7. Loans and advances to banks

	2025 £'000	2024 £'000
Amounts falling due within one year:		
- Loans and advances to central bank	369,339	204,053
- Loans and advances to other banks	63,472	77,909
	432,811	281,962

8. Loans and advances to customers

	2025 £'000	2024 £'000
Property portfolio loan receivables	1,951,364	1,807,971
Mortgages portfolio loan receivables	1,369,140	1,218,301
Asset Finance portfolio loan receivables	30,521	12,639
Finance lease and hire purchase receivables	544,188	448,434
	3,895,213	3,487,345

£463m of mortgage portfolio and finance lease receivables (2024: £502m) were pledged as collateral to the Bank of England in relation to drawings against the Bank of England's Term Funding Scheme with additional incentives for SMEs and Index Long Term Repo – see note 16.

The following tables set out the maturity analysis of loan receivable split by asset class.

Property portfolio loan receivables	2025 £'000	2024 £'000
Amounts falling due:		
- on demand	286,838	187,507
- within one year	1,040,685	1,115,510
- over one year but less than five years	640,004	509,403
	1,967,527	1,812,420
Less: provision for impairment losses (see note 9)	(16,163)	(4,449)
	1,951,364	1,807,971

Mortgages portfolio loan receivables	2025 £'000	2024 £'000
Amounts falling due:		
- on demand	6,357	2,529
- within one year	53,936	50,780
- over one year but less than five years	211,105	193,184
- more than five years	1,097,630	977,355
	1,369,028	1,223,848
Less: provision for impairment losses (see note 9)	(1,651)	(2,184)
Fair value hedge adjustment	1,763	(3,363)
	1,369,140	1,218,301

Asset finance portfolio loan receivables	2025 £'000	2024 £'000
Amounts falling due:		
- on demand	209	786
- within one year	1,479	27
- over one year but less than five years	28,958	11,826
	30,646	12,639
Less: provision for impairment losses (see note 9)	(125)	-
	30,521	12,639

The above analysis may not reflect actual experience of repayments, as loans can be repaid early.

Finance lease and hire purchase receivables	2025 £'000	2024 £'000
Gross investment in receivables falling due:		
- within one year	219,146	174,777
- over one year but less than five years	422,743	354,876
- more than five years	3,654	1,380
	645,543	531,033
Less: unearned future finance income	(100,035)	(80,913)
Net investment in finance lease and hire purchase receivables	545,508	450,120

	2025	2024
	£'000	£'000
Net investment in finance lease and hire purchase receivables:		
- within one year	175,021	138,283
- over one year but less than five years	366,988	310,512
- more than five years	3,499	1,325
Net investment in finance lease and hire purchase receivables	545,508	450,120
Less: provision for impairment losses on finance lease and hire purchase receivables (see note 9)	(1,320)	(1,686)
	544,188	448,434

	2025	2024
	£'000	£'000
Net receivable under finance leases and hire purchase contracts comprises:		
- finance leases	21,543	14,347
- hire purchase	523,965	435,773
	545,508	450,120

9. Provision for impairment losses on loans and advances to customers

Any recoveries of loans written-off in previous years are taken to the income statement. The movement in the provision for impairment losses on loans and advances to customers was as follows:

Individual impairments provision	2025	2024
	£'000	£'000
Balance at 1 January	5,248	5,350
Charged	14,483	3,667
Released and recoveries	(989)	(2,300)
Increase recognised in income statement	13,494	1,367
Utilised during the year	(2,689)	(1,469)
At 31 December	16,053	5,248
Collective impairment provision	2025	2024
	£'000	£'000
Balance at 1 January	3,071	2,774
Increase recognised in income statement	135	297
At 31 December	3,206	3,071
Balance at 31 December	2025	2024
	£'000	£'000
Individual impairment provision of which:		
- Property portfolio	13,966	2,311
- Mortgages portfolio	1,478	1,924
- Asset Finance loan portfolio	125	-
- Finance lease and hire purchase receivables	484	1,013
	16,053	5,248
Collective impairment provision of which:		
- Property portfolio	2,197	2,138
- Mortgages portfolio	173	260
- Finance lease and hire purchase receivables	836	673
	3,206	3,071

10. Debt securities

	2025 £'000	2024 £'000
Issued by public bodies		
- government securities	100,346	118,562
	100,346	118,562
	2025 £'000	2024 £'000
Maturity of debt securities:		
- due within one year	44,510	108,996
- over one year but less than five years	55,836	9,566
	100,346	118,562

None of the debt securities were encumbered at 31 December 2025 (2024: none).

11. Derivative financial instruments

The Bank holds interest rate swap derivative contracts that are designated as hedging instruments. The following table shows the notional and fair values of these instruments. Derivatives designated in fair value hedge relationship:

Hedged item - Loans and advances to customers

	2025 £'000	2024 £'000
Derivative financial instruments carrying amount:		
Assets	777	3,600
Liabilities	2,388	20
Notional amounts	460,000	220,000
Carrying amount of the hedged item	461,763	216,637
Cumulative increase / (decrease) fair value adjustment on the hedged item	1,763	(3,363)
Increase / (decrease) in fair value in year (hedged item)	5,122	(2,950)
(Loss) / gain in fair value in (hedging instrument)	(5,073)	2,911
Hedge ineffectiveness in the year	(49)	39

Hedged item – Deposits from customers

	2025 £'000	2024 £'000
Derivative financial instruments carrying amount:		
Assets	430	-
Liabilities	-	259
Notional amounts	230,000	100,000
Carrying amount of the hedged item	230,359	99,743
Cumulative (increase) / decrease fair value adjustment on the hedged item	(359)	257
(Increase) / decrease in fair value in year (hedged item)	(616)	257
Gain / (loss) in fair value in (hedging instrument)	640	(225)
Hedge ineffectiveness in the year	(24)	(32)

12. Equity shares

	2025 £'000	2024 £'000
Equity shares	1,300	1,300
	1,300	1,300

The Bank owns 15.2% (2024: 15.2%) of the equity share capital of Optalitix Limited. Optalitix Limited is a software development company producing products for the insurance and banking industry and is a supplier to the Bank. The address of the registered office of Optalitix Limited is 7 Granard Business Centre, Bunns Lane, Mill Hill, London, NW7 2DQ.

13. Tangible fixed assets

	Leasehold Improvements £'000	Computer and Office Equipment £'000	Motor Vehicle £'000	Total £'000
Cost:				
1 January 2025	965	1,694	101	2,760
Additions	33	382	-	415
Disposals	-	(251)	-	(251)
31 December 2025	998	1,825	101	2,924
Accumulated depreciation:				
1 January 2025	697	1,348	18	2,063
Charge	46	286	20	352
Disposals	-	(248)	-	(248)
31 December 2025	743	1,386	38	2,167
Net book value:				
31 December 2024	268	346	83	697
31 December 2025	255	439	63	757

14. Intangible assets

	2025 £'000
Cost:	
1 January 2025	11,624
Additions	2,582
Disposals	(810)
31 December 2025	13,396
Accumulated amortisation:	
1 January 2025	4,834
Charge	1,411
Disposals	(734)
31 December 2025	5,511
Net book value:	
31 December 2024	6,790
31 December 2025	7,885

Intangible assets consist of purchased computer software and own developed software.

15. Other assets

	2025 £'000	2024 £'000
Deferred tax asset	3,517	3,443
Corporation tax	1,130	1,317
Prepayments and deferred expenses	5,771	7,745
	10,418	12,505
Deferred tax asset:		
As at 1 January	3,443	2,911
Origination and reversal of timing differences	388	662
Effect of increase in tax rate on opening asset	17	113
Prior year adjustment	(331)	(243)
As at 31 December	3,517	3,443

A deferred tax asset of £3.5m has been recognised at 31 December 2025 (2024: £3.4m) mainly representing timing differences on finance lease receivables and share based payments. The directors are of the opinion, based on recent and forecast performance of the Bank, that when these timing differences reverse, the expected level of future profits will be sufficient to recover the tax benefit deferred.

16. Financial liabilities

	2025 £'000	2024 £'000
Deposits from customers falling due:		
- on demand	461,228	41,006
- within one year	2,316,042	2,259,209
- over one year but less than five years	1,064,250	1,056,560
- over five years	6,325	50,496
Loans from central bank	80,462	60,648
	3,928,307	3,467,919

Loans from central bank represents Bank of England Index Long Term Repo funding. In the prior year, the balance included £50.6m drawn (including accrued interest) under the Bank of England's TFSME scheme.

17. Loans to and from group companies

	2025 £'000	2024 £'000
Amounts owed to group companies	1,678	3,048
Amounts owed by group companies	(700)	(499)
	978	2,549

Loans to and from group companies are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

In addition, the Bank issued £17.0 million of long-term subordinated debt to its parent company, UTB Partners Plc in 2023, and £50.0 million of contingent convertible securities in 2025. Further details are provided in notes 20 and 22, respectively.

18. Other liabilities

	2025 £'000	2024 £'000
Accrued interest payable	-	230
Accruals and deferred income	18,224	22,319
	18,224	22,549

19. Financial instruments

The carrying values of the Bank's financial assets and liabilities are summarised by category below:

	2025 £'000	2024 £'000
Financial assets		
Measured at amortised cost:		
- cash and balances at central bank	369,339	204,053
- loans and advances to other banks	63,472	77,909
- loans and advances to customers	3,895,213	3,487,345
- loans to group companies	700	499
- debt securities	100,346	118,562
Measured at fair value:		
- derivative financial instruments	1,207	3,600
	4,430,277	3,891,968

	2025 £'000	2024 £'000
Financial liabilities		
Measured at amortised cost:		
- deposits from customers	3,847,845	3,407,271
- loans from central bank	80,462	60,648
- loans from group companies	1,678	3,048
- long-term subordinated debt	27,204	56,603
Measured at fair value:		
- derivative financial instruments	2,388	279
	3,959,577	3,527,849

Fair value hierarchy

Fair value estimates of derivatives are based on relevant market information and information about the financial instruments. The fair value is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves, spot and forward rates. As a result, the Bank has determined that its derivative valuations are classified in level 2 of the fair value hierarchy.

The Bank's income, expenses, gains and losses in respect of financial instruments are summarised below:

	2025 £'000	2024 £'000
Interest income and expense		
Interest income on financial assets at amortised cost	341,083	317,912
Interest income on financial assets at fair value	1,718	2,784
Interest expense on financial liabilities at amortised cost	(166,396)	(155,666)
	176,405	165,030
Impairment losses		
On financial assets measured at amortised cost	13,629	1,664
	13,629	1,664

20. Long-term subordinated debt

	2025 £'000	2024 £'000
2019 Subordinated debt	-	20,370
2020 Subordinated debt	-	9,101
2023 Subordinated debt	27,204	27,132
	27,204	56,603

The 2019 subordinated debt was repaid on 16 April 2025 and the 2020 subordinated debt was repaid on 2 December 2025.

The January and February 2023 subordinated debt bears interest at 9.25% payable annually and is callable at the Bank's option from 11 January 2028 and 15 February 2028 respectively, with a final redemption date of 30 September 2033.

The June 2023 subordinated debt bears interest at 11.0% payable annually and is callable at the Bank's option from 23 June 2028, with a final redemption date of 30 September 2033.

The September 2023 subordinated debt was issued to parent company UTB Partners Plc. The debt bears interest at 12.95% payable semi-annually and is callable at the Bank's option from 5 September 2028, with a final redemption date of 31 March 2034.

21. Share capital

	2025 £'000	2024 £'000
Value of shares		
Issued, allotted, called up and fully paid:		
1 January (Ordinary shares of £1 each)	10,350	10,350
Shares issued	150	-
31 December (Ordinary shares of £1 each)	10,500	10,350
Number of shares		
	2025 £'000	2024 £'000
Issued, allotted, called up and fully paid:		
1 January (Ordinary shares of £1 each)	10,350	10,350
Shares issued	150	-
31 December (Ordinary shares of £1 each)	10,500	10,350

The Bank's other reserves are as follows:

- The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.
- Contingent convertible securities - see note 22.
- The retained earnings reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

22. Contingent convertible securities

	2025 £'000	2024 £'000
2015 contingent convertible securities	4,700	4,700
2017 contingent convertible securities	12,151	12,151
2025 contingent convertible securities	49,062	-
	65,913	16,851

The interest rates on the 2015 and 2017 Contingent Convertible Securities reset every 30 November at a fixed margin over the 1-year mid-swap rate as provided in the Securities Certificates. The 2015 and 2017 Contingent Convertible Securities currently pay interest at a rate of 11.788% per annum. In February 2025, £50m Contingent Convertible Securities were issued to parent company, UTB Partners Plc, which currently pay interest at a rate of 13% per annum.

In the event of the Company's regulatory CET1 ratio falling below 7 percent, the 2015 and 2017 AT1 Securities would convert into Ordinary shares of the Company and the 2025 AT1 Securities would be written down to zero, see note 1(n).

The Company paid a total of £7.3m (2024: £2.7m) in coupon payment distributions during the year. As the contingent convertible securities are equity instruments, these payments are recognised directly to retained earnings.

23. Commitments and guarantees and assets pledged as security

	2025	2024
	£'000	£'000
Conditional commitments to lend	467,583	601,591

Commitments to lend comprise lending approvals subject to conditional performance undertakings by customers. These can be cancelled if the customer is in breach of the terms and conditions of their facilities.

The Bank operates from two floors of an office building in London. The operating lease commitments are shown below:

	2025	2024
	£'000	£'000
Commitments under annual operating leases for leased property expiring in:		
- less than one year	2,051	758
- one to two years	2,151	4,101
- two to five years	-	101
	4,202	4,960

24. Related party transactions

Under FRS 102 Section 33 the Company is exempt from the requirement to disclose intragroup transactions with related parties on the grounds that the Bank is wholly owned by its parent company, UTB Partners Plc, whose consolidated financial statements are publicly available.

Parties are considered to be related if one party has the ability to directly or indirectly control the other party or exercise significant influence over the other party in making financial or operational decisions. The Bank's related parties include:

Directors

Details of the directors' remuneration are stated in note 4.

At 31 December 2025, the Bank held £0.3m (2024: £0.1m) in deposits accounts for some key management personnel and their close family members. Such deposits are held in the normal course of business. Family members of Graham Davin are potentially interested in 46.8% of the issued share capital of parent company, UTB Partners Plc.

Optalitix Limited

Details of the relationship with Optalitix Limited are set out in note 12. Mr Graham Davin, a Director of the Company, has given notice to retire as Chair of Optalitix Limited in March 2026. During the year Optalitix Limited provided services to the Bank of £1.1m (2024: £1.3m). As at 31 December 2025 the balance owed by the Bank to Optalitix Limited was £nil (2024: £nil).

25. Risk management

Risk is inherent in all aspects of the Bank's business and effective risk management is a core objective for the Bank. Further details of the Bank's risk management framework can be found in the Risk Management Report on pages 30 to 38.

The principal methods used to manage risks identified by the Bank include:

- Board and management committees to approve the risk framework, risk appetite limits and policies, and to monitor adherence to them;
- Management information that analyses the level of risk exposure at relevant points in time;
- Departmental policies, procedures and mandates to limit the extent to which individuals can commit the Bank to accepting additional risk;
- Risk and compliance reviews that act as a 'second line of defence' that ensure that mitigating controls are designed and are operating effectively; and
- Independent internal audit reviews which act as a 'third line of defence' to provide an independent assessment of the Bank's risk management, control and governance processes, including to consider the appropriateness of, and compliance with, policies and procedures.

Further details on the Bank's principal risks are considered below. The Bank does not have a trading book but does have exposure to interest rate risk from its interest bearing assets and liabilities and through the use of interest rate swaps. The Bank mitigates interest rate risk through its hedging strategy

Credit risk

Credit risk is the risk that counterparties will be unable or unwilling to meet their obligations to the Bank as they fall due. Credit risk primarily arises from lending transactions.

The Bank seeks to mitigate credit risk by:

- Operating in markets where it has significant understanding and expertise;
- Diversifying and fully securing exposures, with conservative lending criteria;
- Defining risk-based delegated underwriting authorities;
- Verifying borrower credit worthiness and track record;
- Regularly reviewing portfolio performance and risk appetite;
- Operating a forward looking assessment of market dynamics; and
- Establishing detailed limits to manage exposures including concentration risks.

The Bank's Credit Committee sanctions larger credit limits and ensures credit risk is mitigated to an acceptable level. It regularly reviews loan performance, large exposures and adequacy of provisions. Its role is to ensure that the Bank's approved credit appetite is adhered to. In respect of credit limits sanctioned by delegated authority, the Bank's credit department provides oversight to ensure such sanctioning complies with the Bank's credit policies and procedures.

Through its robust credit, underwriting and oversight process, the Bank ensures the quality of the loan book is within the Bank's risk appetite. It closely manages its concentration risk to single borrowers and sectors, obtaining strong security cover and/or additional recourse on the majority of its lending facilities, thereby observing the Bank's prudent credit risk appetite.

The Bank further mitigates credit risk through secured lending, holding collateral against loans to customers. The principal types of collateral held are residential and commercial property and charges over business equipment assets or vehicles.

The Bank acknowledges that there are circumstances where the borrower is in financial difficulty but it is not in the best interests of either the Bank or the borrower to take default action. Accordingly, where the circumstances suggest that the better customer outcome is for the Bank to permit a modification or concession that will over a period of time have the potential to improve the customer outcome and where the Bank in consequence is not taking a materially increased risk in so doing, the Bank will be prepared to offer forbearance.

Provisions for bad and doubtful debts are based on the appraisal of loans and advances by the Watchlist and Recovery Committees. Loans and advances are written off to the extent that there is no realistic prospect of recovery.

Distribution of loans and advances to customers by credit quality

	2025 £'000	2024 £'000
Neither past due nor impaired	3,459,423	3,191,306
Of which forbore exposure with revised contractual terms	19,436	10,747
Past due but not impaired		
Loans and receivables at amortised cost:		
- One month or less	84,988	60,481
- Over one month to three months	96,725	64,137
- Over three months to twelve months	130,506	95,357
- Over twelve months	56,735	22,313
Individually impaired loans	86,095	62,069
Of which reposessions	24,720	22,861
Less: provisions	(19,259)	(8,318)
	3,895,213	3,487,345

Included within neither past due nor impaired are £45.2m of loans (2024: £42.9m) that are tracked on the Bank's Watch and Recoveries List. Whilst these loans continue to perform, they are given additional attention, oversight and supervision due to changes in borrower circumstances.

Past due but not impaired loans are where customer payment has not been made as it contractually falls due and the account is therefore in arrears. Past due loans are subject to close oversight, sufficient collateral is secured against the loans resulting in loan to value coverage remaining within appetite and no criteria for impairment being met.

Individually impaired loans are where a provision for impairment has been recognised (see note 1(i) for further details).

The Bank will repossess collateral where other reasonable attempts to resolve the situation have failed. Repossessions are typically not recognised as separate assets as the Bank will only recover up to the value of the balance outstanding and any excess from repossession disposal is returned to the customer. As a result the balance continues to be included within Loans and advances to customers. The Bank's maintains recoveries procedures to ensure the assets are disposed as soon as possible after possession for the best price achievable.

Analysis of Loan to Value ratios ("LTV") on loans and advances to customers, excluding finance lease and hire purchase receivables is shown below.

	50% or lower	>50% to 60%	>60% to 70%	>70% to 80%	>80% to 90%	Over 90%	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
31 December 2025	596,727	710,201	1,072,556	723,230	184,847	48,994	3,336,555
% of total	18%	21%	32%	22%	6%	1%	
31 December 2024	554,073	617,029	1,075,556	633,703	112,327	40,217	3,032,905
% of total	18%	20%	36%	21%	4%	1%	

The purchase value of assets relating to finance lease and hire purchase receivables was £802m (2024: £695m).

Maximum exposure to credit risk

The Bank's maximum exposure to credit risk is £4,898m (2024: £4,494m) which consists of the carrying amount of financial instruments assets (note 19) plus the undrawn commitments (note 23).

Concentration risk

Concentration risk arises from having high or excessive exposures to one sector, geographical area, counterparty or group of counterparties which can lead to correlated losses in the event of an adverse movement in the strength or creditworthiness of the borrower(s) or security. Concentrations can arise from large individual exposures or a number of exposures to a group of related counterparties.

The Bank assesses and monitors its exposure to a range of criteria, including sector, region, counterparty and concentration in security type. Concentration risk, which for the Bank is to the UK residential property market, is managed and reviewed through the use of appropriate limits for each business area and there are currently no large exposures above these limits. Reported exposures against concentration limits are regularly monitored and reviewed. Concentration risk of treasury assets and interbank deposits is managed and controlled through policies and limits.

Liquidity risk

Liquidity risk is the risk that the Bank is not able to meet its financial obligations as they fall due, or can do so only at excessive cost.

The ALCO recommends to the Board the policies to mitigate this risk and regularly reviews the profile of the Bank's assets and liabilities to ensure that it is positioned prudently and in compliance with agreed policies and limits, taking into account prevailing market conditions, and projections for business growth. The Bank maintains a liquid asset buffer primarily consisting of deposits at the Bank of England. This buffer is in excess of the minimum set by the PRA's liquidity framework.

The tables below analyses the Bank's undiscounted financial liabilities into relevant maturity groupings based on their contractual maturities or callable dates where applicable.

Undiscounted financial liabilities

2025	Not more than three months	More than three months but not more than six months	More than six months but not more than one year	More than one year but less than five years	More than five years	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Deposits from customers	1,446,515	584,392	788,640	1,238,635	8,215	4,066,397
Loans from central bank	20,780	60,423	-	-	-	81,203
Other financial liabilities	18,224	-	-	-	-	18,224
Long term subordinated debt	1,104	-	2,098	32,641	-	35,843
Loans from group companies	1,678	-	-	-	-	1,678
Derivative financial instruments	760	-	-	1,588	-	2,348
Total	1,489,061	644,815	790,738	1,272,864	8,215	4,205,693

2024	Not more than three months	More than three months but not more than six months	More than six months but not more than one year	More than one year but less than five years	More than five years	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Deposits from customers	420,024	491,745	918,367	1,212,841	564,018	3,606,995
Loans from central bank	716	10,675	50,792	-	-	62,183
Other financial liabilities	22,319	-	230	-	-	22,549
Long term subordinated debt	22,027	-	11,977	35,839	-	69,843
Loans from group companies	3,048	-	-	-	-	3,048
Derivative financial instruments	344	-	-	(58)	-	286
Total	468,478	502,420	981,366	1,248,622	564,018	3,764,904

Interest rate risk

Interest rate risk is the risk that the value of the Bank's assets and liabilities or profitability will fluctuate in response to changes in interest rates. The Bank manages interest rate risk through controlling the profile of its liabilities (funding) and through the use of interest rate swaps.

The Bank seeks to mitigate interest rate risk through regular review of:

- The structure of the balance sheet;
- Results of stress testing; and
- Management of the repricing profile of assets and liabilities.

A positive interest rate sensitivity gap means more assets than liabilities re-price during a given period. A positive gap tends to benefit net interest income in an environment where interest rates are rising. However, the actual effect will depend on several factors including actual repayment dates and interest rate sensitivity within the re-pricing period. Where appropriate, loans with interest rate floors have been shown in the column matching their re-pricing date.

The impact of changes in interest rates has been assessed in terms of economic value of equity (EVE). EVE is a cash flow calculation that takes the present value of all asset cash flows and subtracts the present value of all liability cash flows. This is a long-term economic measure used to assess the degree of interest rate risk exposure.

As at 31 December 2025, the estimate that a 200bps upward and downward movement in interest rates would have impacted the economic value of equity (EVE) is as follows:

	2025 £'000	2024 £'000
EVE Sensitivity +200bps	(4.2)	(5.5)
EVE Sensitivity -200bps	8.3	6.2

Interest rate re-pricing table

2025	Not more than three months	More than three months but not more than six months	More than six months but not more than one year	More than one year but less than five years	More than five years	Non- interest bearing	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Loans and advances to customers	1,258,596	332,142	446,811	1,840,159	3,504	14,001	3,895,213
Loans and advances to banks	407,562	-	-	-	-	25,249	432,811
Loans to group companies	-	-	-	-	-	700	700
Debt securities	14,694	19,440	9,634	55,244	-	1,334	100,346
Other assets	-	-	-	-	-	21,567	21,567
	1,680,852	351,582	456,445	1,895,403	3,504	62,851	4,450,637
Deposits from customers	1,425,267	556,752	735,764	1,064,250	6,325	59,487	3,847,845
Loans from central bank	80,000	-	-	-	-	462	80,462
Other liabilities	-	-	-	-	-	20,612	20,612
Long term subordinated debt	-	-	-	26,850	-	354	27,204
Loans from group companies	-	-	-	-	-	1,678	1,678
Total Capital and Reserves	-	-	17,200	50,000	-	405,636	472,836
	1,505,267	556,752	752,964	1,141,100	6,325	488,229	4,450,637
Notional value of derivatives	300,000	60,000	90,000	(450,000)	-	-	-
Interest rate sensitivity gap	475,585	(145,170)	(206,519)	304,303	(2,821)	(425,378)	-
Cumulative gap	475,585	330,415	123,896	428,199	425,378	-	

2024	Not more than three months	More than three months but not more than six months	More than six months but not more than one year	More than one year but less than five years	More than five years	Non- interest bearing	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Loans and advances to customers	1,170,261	261,431	544,665	1,503,346	1,352	6,290	3,487,345
Loans and advances to banks	244,926	-	-	-	-	37,036	281,962
Loans to group companies	-	-	-	-	-	499	499
Debt securities	10,014	57,639	39,727	9,393	-	1,789	118,562
Other assets	824	-	-	-	-	24,068	24,892
	1,426,025	319,070	584,392	1,512,739	1,352	69,682	3,913,260
Deposits from customers	902,644	472,676	868,344	1,056,817	50,496	56,294	3,407,271
Loans from central bank	60,611	-	-	-	-	37	60,648
Other liabilities	-	-	-	-	-	22,828	22,828
Long term subordinated debt	-	-	9,000	26,850	20,000	753	56,603
Loans from group companies	-	-	-	-	-	3,048	3,048
Total Capital and Reserves	-	-	17,200	-	-	345,662	362,862
	963,255	472,676	894,544	1,083,667	70,496	428,622	3,913,260
Notional value of derivatives	110,000	-	-	(110,000)	-	-	-
Interest rate sensitivity gap	572,770	(153,606)	(310,152)	319,072	(69,144)	(358,940)	-
Cumulative gap	572,770	419,164	109,012	428,084	358,940	-	

26. Capital management

The Bank maintains a capital base sufficient to support its lending activities and to comply with its capital requirements at all times.

Capital management is based on the three 'pillars' of Basel III. Under Pillar 1, the Bank calculates its minimum capital requirements based on 8% of risk weighted assets plus an amount in respect of operational risk. The PRA then adds an additional requirement to this amount to cover risks under Pillar 2A of Basel III and generates a Total Capital Requirement. Further capital is held to meet buffer requirements which are set by the Bank of England and the Capital Requirements Regulation. The Bank has a surplus of capital resources over and above its Total Capital Requirement and buffer requirements. The table below shows the composition of the Bank's regulatory capital resources.

Pillar 3 requires firms to publish a set of disclosures which allow market participants to assess information on that firm's capital, risk exposures and risk management process.

Capital adequacy is monitored by the Board, Management Committee, ALCO and management, and is reported to the PRA on a quarterly basis. Capital forecasts, covering a 3-year period, are prepared on an annual basis as part of the Bank's annual budgeting cycle. During the year, additional re-forecasts are also reviewed by the Board to take into account the effects of events that were not reflected in the original budgets.

On an annual basis, the Bank undertakes an ICAAP which is an internal assessment of its capital needs. This internal process is designed to consider all material risks which the Bank faces and determines whether additional capital is required to ensure the Bank is adequately capitalised.

Included within the ICAAP are capital projections, which reflect not only the Bank's chosen strategy and potential growth prospects, but also the results of a range of scenario analysis and stress tests of these plans. This process is designed to ensure that adequate capital is retained by the Bank to meet not only its current requirements, but also to cover the medium term and requirements in less benign markets. The ICAAP therefore represents the view of management and the Board, of the risks faced by the Bank and the appropriate amount of capital that the Bank should hold to protect against those risks.

Regulatory capital resources

	2025 £'000	2024 £'000
Common equity tier 1 capital		
Called up share capital	10,500	10,350
Share premium	33,030	25,680
Retained earnings	363,393	309,981
Deductions from common equity tier 1 capital		
Intangible assets	(5,914)	(5,092)
Other deductions	(11,747)	(12,012)
Common equity tier 1 capital	389,262	266,970
Additional tier 1 capital	65,913	16,851
Total tier 1 capital	455,175	345,189
Tier 2 capital		
Subordinated debt	26,394	55,279
Collective provisions	3,206	3,071
Total tier 2 capital	29,600	58,350
Total regulatory capital resources	484,775	403,539

Other deductions from common equity tier 1 capital relates to the British Business Bank's Enable Guarantee. The Enable Guarantee provides unfunded credit protection for qualifying loans within the Bank's property development loan book. Its effect is to partially offset the Bank's exposure to qualifying loans; the Bank remains exposed to the unguaranteed portion and to a 'first loss' element of the guaranteed portion. This latter exposure constitutes a synthetic securitisation position under the Capital Requirements Regulation (CRR).

27. Ultimate controlling company

UTB Partners Plc is the Bank's immediate parent, owns 100% of the Bank and is recognised by the directors as the Bank's ultimate controlling company. Financial statements for UTB Partners Plc, which is the smallest and largest group into which the Bank is consolidated, can be obtained from UTB Partners Plc, One Ropemaker Street, London EC2Y 9AW.

28. Subsequent events

There have been no significant events after the date of the Statement of Financial Position up to the date of signing that require disclosure in accordance with FRS 102.

Company Information

Bankers

Barclays Bank Plc
Lloyds Bank Plc

Independent Auditors

PricewaterhouseCoopers LLP

Legal Advisors

CMS Cameron McKenna
Nabarro Olswang LLP

Company Secretary

Natasha Thomas

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Country of Incorporation

United Kingdom