gatehousebank

Annual Report and Financial Statements

For the year ended 31 December 2024

WELCOME

Company Information

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Chairman's Statement

In the name of Allah, the Most Gracious, the Most Merciful, on behalf of the Board of Directors of Gatehouse Bank plc ('the Bank'), I am pleased to present the 2024 Annual Report and Financial Statements.

I am incredibly proud of Gatehouse Bank's progress in 2024, which marked our fifth consecutive year of profitability, with a post-tax profit of £3.8 million.

This would not have been possible without the support of all colleagues across the Banking Group, to whom I extend my sincere thanks for their continued hard work and dedication. As always, I am equally grateful to our Shareholders and Board of Directors for their unequivocal support, guidance and commitment to making Gatehouse Bank's future success a reality.

As 2024 was a year of managed growth, we focused on continuing to deliver excellent service for our customers, including savers, homeowners and landlords. We continued to invest in technology and streamline the customer journey, resulting in our rolling 12 month net promoter score (NPS) reaching +71 at the end of the year, a significant milestone in Gatehouse Bank's history of enhanced customer service.

A highlight from 2024 was entering into a new home finance partnership for a forward flow arrangement to originate in excess of £550 million of home finance for over an initial two-year term outwith our balance sheet. In line with our business strategy which involved lower home finance targets and ensuing forward flow arrangement, we observed a slight 5% drop in our residential property finance portfolio to £1.168 billion net of the sale of circa £109 million to our forward flow counterparty.

In accordance with our home finance targets for the year, total savings deposits also reduced slightly by 2% to £1.289 billion. We continued to receive excellent customer feedback relating to our award-winning savings proposition and service, with our savings net promoter score being outstanding at +70 in December 2024, a new record for Gatehouse Bank.

The Bank's activity in the institutional Build to Rent sector falls under our subsidiary, Gatehouse Build to Rent Group, which is a vertically integrated residential investment and management platform, comprising of Gatehouse Investment Management (GIM) and property manager, Ascend Estates Limited. In 2024, the Group sold an 800-home single-family housing fund on behalf of investors. The stabilised portfolio had been constructed over several years, incorporating 821 two-, three- and four-bedroom homes across 10 residential sites in the UK. Gatehouse Living Group also launched a new strategic venture with a UK-based private equity business and acquired over 1,000 homes from several housebuilders.

ESG considerations remain embedded into our ethos, products and future growth strategy. In 2024, we consolidated our ESG strategy into four pillars: biodiversity and deforestation; financial education and inclusion; climate change; and community health and wellbeing. I remain proud of Gatehouse Bank's sustained status as operationally carbon neutral and continued positive engagement with the United Nations as a founding signatory to the UN Principles for Responsible Banking.

In April 2024, our Board of Directors extended a warm welcome to Phillip McLelland, who joined the Bank as a Non-Executive Director. The Board continues to diligently monitor all regulatory requirements, including the Bank's Risk Appetite Statement.

Looking ahead, I am confident that Gatehouse Bank is well primed to deliver robust growth while upholding an excellent experience for our customers. I look forward to growing further our origination capability both on and off balance sheet.

Fahed Faisal Boodai
Chairman
24 April 2025

"I believe single-family rental is a crucial part of the UK's future housing provision, and I am delighted with this positive development, which further cements Gatehouse Bank's important role in promoting investment in the UK property market through Shariah-compliant finance."

Chief Executive Officer's Statement

Reflecting on the last year, I would firstly like to thank our colleagues for their continued, outstanding hard work and commitment. Equally, I'd like to express my gratitude to our Chairman and Board of Directors for their ongoing guidance and our Shareholders for the years of support and investment in the Bank.

Following our revised business strategy, which was first introduced in 2017, Gatehouse Bank has now been profitable for the last five years. Our annual results are outlined in the table below:

	£	Year-on-Year Change
Post-tax profit	£3.8 million	20%
Originations (total)	£148 million	(39%)

In 2024, our strategy remained focussed on three core areas:

1. **Home Finance**, including Home Purchase Plans for owner occupiers and Buy-to-Let Purchase Plans for property investors, looking to acquire or refinance properties.
2. **Retail Savings**, including fixed-term deposits, cash ISAs, easy access accounts, notice accounts and our Regular Saver account.
3. **Institutional Build to Rent** through our subsidiary, Gatehouse Build to Rent Group, comprising of Gatehouse Investment Management and Ascend Estates Limited.

Thanks to the hard work of colleagues across Gatehouse Bank, we continued to challenge in our chosen specialisms and are well-primed to receive incremental growth capital. In the meantime, our conversations with potential investors continue.

In 2024, we implemented a forward flow arrangement to enable us to originate in excess of our current balance sheet capacity. Consequently, our balance sheet remained broadly flat year-on-year.

Looking back over the year, a few highlights included:

- Continued to increase our support for homebuyers and landlords in line with our strategy.
- Planted the 50,000th tree on behalf of our Woodland Saver customers.
- Implemented our first forward flow arrangement
- Ensured the development of more new homes through our Build to Rent subsidiary, with Ascend Estates Limited now assisting landlords to manage over 11,000 properties.
- Our success in leading industry campaigns to equalise some unintended taxation anomalies applicable to Islamic Finance compared to conventional finance.

In 2024, we also progressed several strategic developments, including:

- Enhanced home finance operational customer journeys using new technology.
- Introduced new software for our direct-to-consumer advisory team to improve customer experience.
- Tested a Bridging Finance offering, which we plan to extend in 2025.
- Developed new risk management systems to enhance monitoring of risk events.
- Enhanced our online Decision in Principle facility by making it available for UK Expat and International Resident customers.
- Supported existing customers with the launch of our new home finance Product Switch Portal.

Chief Executive Officer’s Statement
(Continued)

Retail Customers

As always, in 2024, we upheld our commitment to helping more people achieve their financial goals, from savvy savers looking for ethical savings products with competitive returns, to aspiring homeowners and landlords.

We reinstated refinancing for all Home Purchase Plan and Buy-to-Let applicants, which aimed to help more customers based in the UK and overseas seeking Shariah-compliant home finance for properties in England and Wales. To help those trying to get onto the property ladder, our higher finance-to-value products provided the option to obtain finance for up to 95% of the property value. For landlords, we reintroduced “top-slicing”, which allows the applicant to top-up the shortfall in cases where their tenant’s rent does not achieve the threshold required by the Bank.

We continued to support customers looking for sustainable finance options through our green home finance products, which offer a reduced rate for customers acquiring or refinancing a home with an energy efficiency rating of A or B. Under this scheme, Gatehouse Bank also offsets the carbon emissions generated by the average UK property for the product’s initial fixed term.

For savers, we continued to offer our customers the opportunity to align their financial goals with their ethical values through our Woodland Saver accounts, for which we plant a tree on behalf of the customer for every account opened or renewed. In 2024, we were thrilled to have surpassed the milestone of 50,000 trees planted across nine woodland projects certified by the UK government’s Woodland Carbon Code.

Over the year, a significant amount of work was undertaken to continue delivering excellent service and streamlining the customer journey. To do so, we advanced our digitalisation strategy and invested in technology, extending our online Decision in Principle facility to UK Expats and International Residents, where it had previously only been available for UK Residents.

We also implemented a new emailing platform to improve response times and workflow automation and launched a new Product Switch Portal to streamline the process for existing customers approaching the end of their fixed-term product.

I am incredibly proud of the hard work undertaken by colleagues across the Bank to implement these process improvements, which undoubtedly contributed to the marked increase in customer satisfaction. In December 2024, our 12 month rolling net promoter score reached +71, marking a new milestone in Gatehouse Bank’s history. Our savings net promoter score also remained high, standing at a strong +70 for the same period.

Institutional Customers

Gatehouse Bank’s Build to Rent activity is consolidated under one roof by our subsidiary, Gatehouse Build to Rent Group. In 2024, the Group sold an 800-home single-family housing fund on behalf of investors which is the second platform to be created, stabilised and exited by the Group. Here we continue to set the benchmark for the UK. The Group also launched a new strategic venture, with a UK-based private equity business and acquired over 1,000 homes from several leading housebuilders.

Overall, performance of the Build to Rent portfolios remained favourable with strong year-on-year rental growth and high occupancy.

Charles Haresnape comments on being awarded the Best Islamic Bank in the UK from the Islamic Finance News Awards 2024.

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“We are delighted to have been recognised as a leader in the UK’s Shariah-compliant banking sector. Our focus remains on delivering our ESG commitments and expanding our growth, especially in the Build to Rent market, a market we are a recognised leader in, to cater to the ever-increasing demand for Shariah-compliant investment opportunities.”

Our Promise

For savvy savers looking for a better return, aspiring homeowners prepared to think differently and businesses driving for growth, we offer a genuine alternative to conventional banks.

Chief Executive Officer’s Statement
(Continued)

To kick-start Gatehouse Giving Week, our Executive Team embarked on a quest to collectively cycle 560 km on stationary bikes in two weeks. Pictured (from left to right) are Charles Haresnape, Andy Homer, Usman Chaudry, Danesh Mahadeva and Tracey Bailey.

Chief Executive Officer’s Statement
(Continued)

Due to our colleagues’ hard work, we were pleased to win a range of awards which recognised our strong customer proposition. These included:

Islamic Finance News Award Winner 2024
Best Islamic Bank in the UK

Moneyfacts Award Winner 2024
ISA Provider of the Year

Corporate Vision Magazine ‘Corporate Excellence Awards’ 2024
Best Shariah-Compliant Bank 2024 UK

MoneyComms Award Winner 2024
Best Regular Savings Provider

MoneyComms Award Winner 2024
Best Ethical Cash ISA Provider

Chief Executive Officer's Statement
(Continued)

Colleagues

We continue to follow a hybrid working model, providing numerous opportunities for face-to-face collaboration, including training sessions, webinars and all-bank events. Due to the strong uptake on these opportunities for face-to-face engagement, we opened a new office in Birmingham in 2024, in addition to our locations in London, Milton Keynes and Wilmslow.

Diversity, equity and inclusion (DE&I) is a core part of our ethos, as we firmly believe that a diverse workplace fosters creativity, compassion and connects us to our local communities. Annually, we encourage all colleagues to complete an anonymous DE&I survey, which we use to identify and monitor our progress on the topics that resonate with our colleagues the most.

Following the survey results, volunteers from our Diversity, Equity and Inclusion Forum engaged with colleagues throughout the year on topics including neurodiversity, gender identity, difficult conversations, race, religion and cultural days of significance.

It has also been fantastic to see strong levels of colleague engagement through our annual engagement survey, with a strong response rate of 88% and overall engagement rate of 93%.

Charles Haresnape at the United Nations in New York, where Gatehouse Bank signed up to the UN Principles for Responsible Banking.

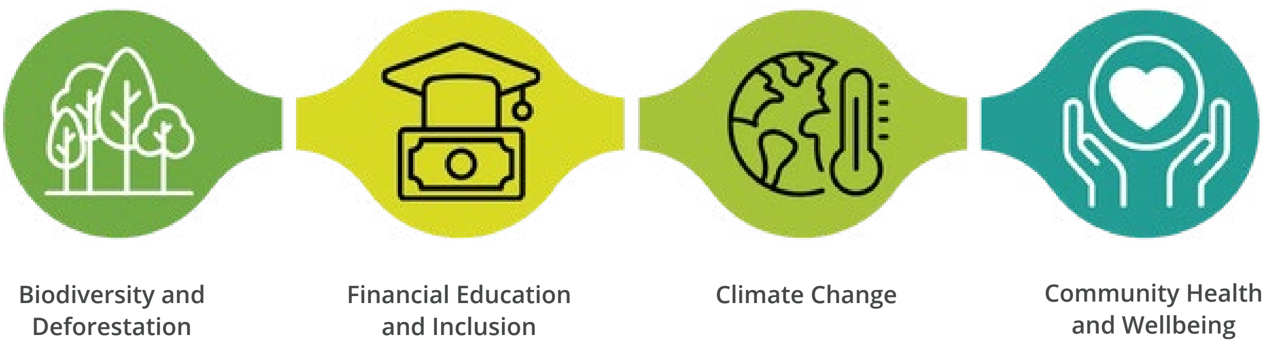
ESG and Community

At Gatehouse Bank, we see a natural alignment between the Shariah principles of protecting, promoting and preserving humanity and the principles of ethical and responsible finance. For example, we do not fund harmful sectors, including alcohol, adult entertainment, gambling, tobacco and the arms industry. In addition, we have been an operationally carbon neutral bank for four consecutive years, as of December 2024.

I remain incredibly proud of Gatehouse Bank's status as a founding signatory to the UN Principles for Responsible Banking, of which we celebrated the five-year anniversary in 2024. We continue to align our business and future strategy to the UN Sustainable Development Goals and Paris Climate Agreement and have refined our ESG strategy into four pillars, where we believe we can make the largest positive impact.

Chief Executive Officer’s Statement
(Continued)

ESG Pillars



A highlight from 2024 was our collaboration with the Bone Cancer Research Trust (BCRT), which our colleagues selected as our charity partner for the year through an all-staff vote. BCRT’s mission is to save lives and improve outcomes for people affected by primary bone cancer by raising awareness and funding lifesaving research.

Throughout the year, it was fantastic to see such enthusiastic fundraising initiatives in aid of BCRT organised by colleagues across our four offices. These included sponsored walks, runs, swims and even skydives, which all contributed towards funds raised for Bone Cancer Research Trust, which will help the charity continue its vital work of supporting those affected by primary bone cancer.

We continue to provide opportunities for colleagues to support causes that are close to their hearts by offering two paid days of volunteering leave per year. We saw the highest uptake on this policy in 2024, with 132 colleagues supporting over 40 organisations, from hospices and community centres, to care homes and local green spaces. Overall, 78% of Gatehouse colleagues took part in fundraising or volunteering in 2024, marking a 38% increase compared to the previous year.

In addition to our ongoing partnership with community sports club, Hyderi Sports Association, we have partnered with five additional local sports teams as part of the Gatehouse Bank Community Sports Fund. Through this initiative, we have provided new sports kits for the teams, aiming to boost morale and instil a sense of pride within our communities.

Future growth

At Gatehouse Bank, we have a huge appetite to grow faster and see demand from our specialist market to achieve this. Looking towards the year ahead, we very much look forward to continuing to grow our partnerships, which will provide the Bank with further means of fulfilling our growth potential. Ultimately, our aim is to expand our customer base by upholding high levels of customer satisfaction, therefore helping more people achieve their financial goals.

Meanwhile, through our colleagues at Gatehouse Build to Rent Group, we will further cement our position as a leader in the institutional Build to Rent sector.

I look forward to continuing to work closely with the Bank’s Board of Directors, as we diligently monitor all macro-economic impacts and consider all scenarios and options resulting from these.

Finally, thank you to everyone who made 2024 another successful year at Gatehouse Bank. This includes all colleagues across the Bank, as well as the Board and Chairman, for their strategic advice and direction plus our Shareholders and Shariah Supervisory Board for their continued support.

Charles Haresnape
Chief Executive Officer
24 April 2025

2024 Key Highlights

Post-tax Profit

£3.8 million

(5th consecutive year of profitability)

Charity Partnership

Our colleagues' fundraising efforts resulted in raising over £21,000 for our 2024 Charity of the Year, Bone Cancer Research Trust (BCRT). It was a privilege to support BCRT whose ultimate aim is to develop more effective treatments for primary bone cancer patients by 2033.

New UK Home Finance Partnership

In December 2024, Gatehouse Bank finalised a home finance partnership involving its first forward flow arrangement, where the Bank will originate in excess of £550 million of Shariah-compliant home finance. The partnership also entailed a sale of circa £109 million of the Bank's beneficial interest in its existing home finance portfolio.

Total Regulatory Capital increased by

0.4% to £127.1m

(2023: £126.6m)

Our Impact

In 2024 we were proud to celebrate the five-year anniversary of the UN Principles for Responsible Banking, of which Gatehouse Bank is a founding signatory. Our volunteering policy saw 78% of colleagues across the Bank take part in fundraising or volunteering to support over 40 local organisations. Our Woodland Saver accounts have resulted in over 50,000 trees being planted, a milestone achievement. We have been certified as an operationally carbon neutral bank for four consecutive years and continue to set targets to reduce the absolute emissions of our home finance portfolio.

Strategic Report

The Directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006. For the Section 172(1) statement, please refer to the Directors' report on page 38.

This strategic report has been prepared for Gatehouse Bank plc as a whole and therefore gives greater emphasis to the matters deemed most significant to the Bank when viewed as a whole.

The Chairman's and Chief Executive Officer's statements can be found on pages 4 to 11. These provide a business review over the reporting period and this report highlights the Bank's relevant Key Performance Indicators (KPIs), including Core Equity Tier 1 (CET1) ratio and cost to income ratio.

Gatehouse Bank continues to advance the strategy introduced in 2017, with profit emanating from the hybrid approach of on-balance sheet financing and fee income plus low capital off-balance sheet activity. This approach increasingly ensures diversification and production of revenue, not solely relying on capital intensive on-balance sheet financing.

The strategic report provides an overview of the following areas:

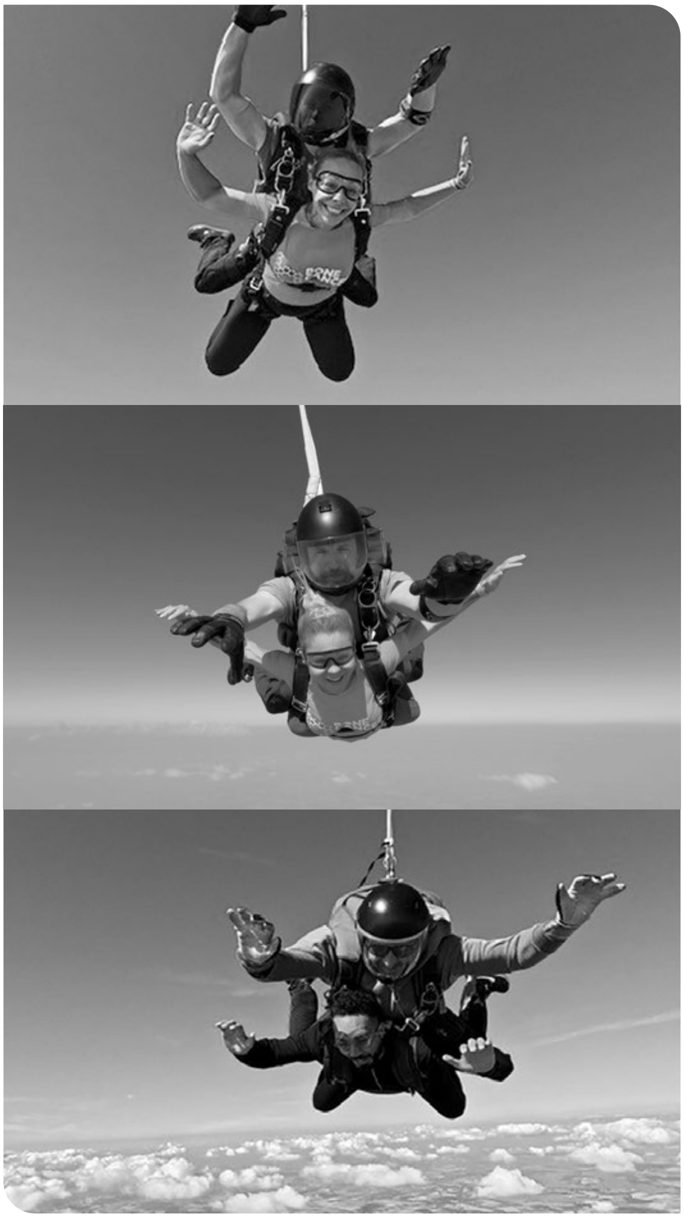
- Business model
- Financial results
- Strategy and objectives
- Principal risks and uncertainties
- ESG
- Going concern

Business Model

Founded in 2007, Gatehouse Bank is a Shariah-compliant, ethical bank, based in London, Birmingham, Milton Keynes and Wilmslow. The Bank is a wholly owned subsidiary of the Gatehouse Financial Group and is authorised by the Prudential Regulation Authority (PRA) and is regulated by the PRA and the Financial Conduct Authority (FCA).

Gatehouse Bank strives to continue cementing its place as a leader in the UK's Islamic finance sector. The Bank will achieve this through a business model with a diverse, low risk profile supported by an expert senior management team with skills and experience appropriate to the strategy. This involves skilled, manual underwriting complemented by modern technology to ensure scalability.

Three brave colleagues – Alina Rauta, Danielle Rushforth and Ashley Brown (all pictured) – took to the skies with a thrilling 10,000-foot tandem skydive, all in support of the Bone Cancer Research Trust.



In 2024, our strategy remained focused on three core areas:

Home Finance

- Home Purchase Plans
- Buy-to-Let Purchase Plans

Retail Savings

- Fixed Term Deposit Accounts
- Cash ISAs (Easy Access and Fixed Term)
- Easy Access Account
- Notice Accounts
- Regular Saver Account

Gatehouse Build to Rent Group

- Gatehouse Investment Management (GIM)
- Ascend Estates Limited

Our Ethical Approach

Balanced Banking

Grounded in Shariah principles, our products are transparent, fair and socially responsible. We do not invest funds into harmful sectors such as alcohol, tobacco, adult entertainment, gambling and the arms industry.

Sustainability

As a founding signatory to the UN Principles for Responsible Banking, we have committed to aligning our business strategy to the UN's Sustainable Development Goals, Paris Climate Agreement and other relevant frameworks.

Charity Partnership

In December 2024, Gatehouse Bank colleagues selected Depaul UK as the Bank's Charity of the Year for 2025. Dedicated to ending youth homelessness in the UK, the charity focuses on providing emergency accommodation for those in need, long-term housing solutions and support programmes offering education, employment training and mental health support to empower young people to build a better future.

Strategic Report
(Continued)

Financial Results

The financial statements for the year ended 31 December 2024 are available between pages 54 to 65. Post tax profit for the year amounted to £3.8 million (£3.2 million in 2023).

Strategy and Objectives

Each section below highlights one of Gatehouse Bank's business segments, with an overview of performance for the year ended 31 December 2024.

The table below highlights the relevant Key Performance Indicators (KPIs)[1] for 2024.

	2024	2023	% Annual change
Return on tangible equity	4.1%	3.5%	17.7%
Home finance portfolio	£1.168 billion	£1.224 billion	(4.6%)*
Total retail deposits	£1.289 billion	£1.317 billion	(2.1%)
Leverage ratio	7.29%	7.27%	0.2%
Cost: income ratio	93.9%	90.8%	3.4%
Average risk weight	43.6%	42.3%	3.1%
CET1 ratio	16.6%	17.1%	(3.0%)

[1]KPIs are calculated as follows:

Return on tangible equity ratio: calculated as the profit after tax / Average of equity after deducting goodwill, intangible assets and deferred tax.
Leverage ratio: calculated as Tier 1 Capital / Total exposures. Total exposures include on-balance sheet items, off-balance sheet items and derivatives and generally follow the accounting measure of exposure.
Cost to income ratio: calculated as the total operating expenses / total operating income excluding one-off revaluations on unquoted equity securities presented in Note 6.
Average risk weight: calculated as risk-weighted assets / total assets.
CET1 ratio: calculated as Tier 1 common equity / risk weighted assets.

**Net of a sale of £109 million as part of an ongoing forward flow arrangement.*

Charles Haresnape comments on the Bank's Islamic & Ethical Finance Consumer Report. The research surveyed equal numbers of the Muslim and non-Muslim community in the UK on their awareness, perceptions and experiences of Islamic, ethical and green finance.

gatehousebank

"I hope that Gatehouse Bank's Islamic and Ethical Finance Report 2024 is a step in the right direction to assessing the barriers and opportunities facing the Islamic finance sector in the UK as well as understanding consumer needs when it comes to Islamic and ethical finance."

You can download the full report - The Gatehouse Bank Islamic & Ethical Finance Consumer Report 2024 - by clicking on the image below or by visiting our website:

Strategic Report
(Continued)

Colleagues from Gatehouse Bank's Customer Team climbed Mount Snowdon to fundraise for our 2024 Charity of the Year, Bone Cancer Research.

Residential Property Financing

We offer a range of residential property financing products, which follow the Diminishing Musharakah financing structure. Our Home Purchase Plans (HPP) are available for UK Residents, UK Expats and International Residents looking to purchase or refinance residential property in England and Wales. Our range of Buy-to-Let (BTL) Purchase Plans are also available for UK Residents, UK Expats and International Residents, as well as UK registered corporate entities.

Strategically, 2024 was a year of managing new business volumes while focusing on understanding our niche and continuing to deliver on our service for customers. In line with this strategy, our total home finance portfolio saw a slight 5% year-on-year decrease to £1.168 billion, compared to £1.224 billion in 2023. This is after the sale of £109 million from the existing portfolio as part of a new forward flow arrangement.

In 2024, we reinstated refinancing for all Home Purchase Plan and Buy-to-Let applications in order to help more customers based in the UK and overseas seeking Shariah-compliant home finance for properties in England and Wales. To support customers trying to get onto the property ladder, we reinstated our higher finance-to-value (FTV) HPP products, which provided eligible customers with the option to seek finance up to 95% of the property value, if needed.

For our Buy-to-Let customers, we reintroduced "top-slicing", also known as income top-up, which applies in cases where the rent paid by the tenant does not exceed the monthly payment charged by the Bank by the required amount. Subsequently, the applicant may use their personal income to top-up the shortfall.

The Bank continued to advance its digitalisation strategy by enhancing its online Decision in Principle (DIP) facility – which had previously only been open to UK Residents – to also make it available for UK Expats and International Residents. The online DIP facility is available round-the-clock, allowing customers to independently obtain a Decision in Principle at a time convenient to them, which is especially beneficial in instances where time difference is a factor. In 2024, 8,700 Decisions in Principle were successfully completed online (3,974 in 2023).

Following the implementation of Consumer Duty regulations in 2023, we built on our progress in this area, ensuring that the Duty continues to be embedded across all areas of the Bank. We continued to invest in technology and implemented a new emailing platform to help our customer services team further improve customer satisfaction through faster response times and workflow automation. Additionally, we launched a new Product Switch Portal in October 2024, which streamlines the process for existing customers approaching the end of their fixed-term product who may be looking to switch to a different one.

We observed a marked increase in customer satisfaction through our overall net promoter score (NPS), which reached a rolling 12 month +71 in December 2024, the highest in Gatehouse Bank's history. This followed improved scores across different stages of the customer journey, from application, to offer to completion.

Strategic Report
(Continued)

We continued our strategy of embracing both direct and intermediated customers, strengthening relationships with the intermediary market, including with brokers based overseas. In October, we hosted our first broker event in Dubai, which brought together 20 intermediaries with clients looking to finance properties in the UK.

At the end of the year, Gatehouse Bank finalised a home finance partnership, involving a forward flow arrangement, where the Bank will originate off balance sheet. The partnership also entails a sale of circa £109 million of the Bank's beneficial interest in its existing home finance portfolio, which was completed towards the end of the year.

Looking towards 2025, our aim is to continue providing an excellent level of service for both new and existing customers, as well as to expand our customer base, particularly in the UK Expat and International Buy-to-Let market. We look forward to increasing origination as a leading Islamic Finance provider in the UK and continuing to demonstrate our origination growth potential.

Demonstrating our commitment to the home finance sector, the Bank increased the maximum finance available for Home Purchase Plans.

We've increased the maximum finance available for Home Purchase Plans to **£750,000 for 90% FTV** products and **£600,000 for 95% FTV** products.

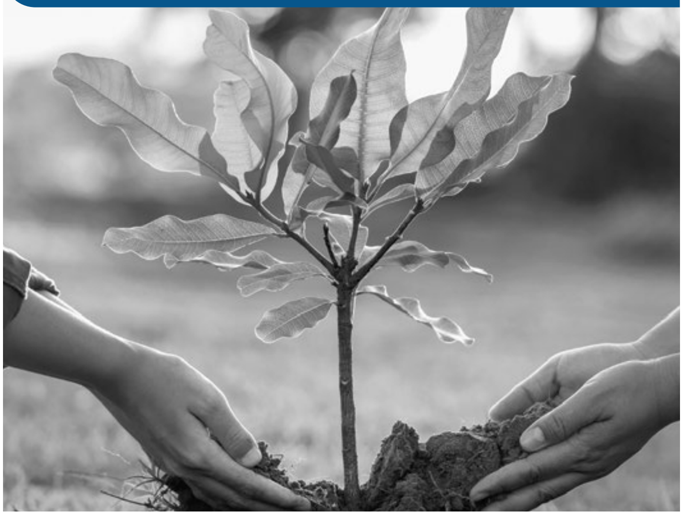
Savings

Gatehouse Bank provides a range of online personal savings accounts for UK customers, which can be opened online and managed both online and through the Bank's savings app. Account types include easy access accounts, fixed-term deposits and cash ISAs, notice accounts and our regular saver account.

In line with our home finance targets for the year, total savings deposits remained stable, at £1.289 billion, compared to £1.317 billion for the previous year.

In 2024, the Bank surpassed 50,000 trees planted on behalf of our customers through our Woodland Saver accounts.

We have planted over 50,000 trees on behalf of our Woodland Saver customers!



We continued to receive excellent feedback from our savings customers, with our Savings Net Promoter Score standing at a strong +70 over a rolling 12 months at the end of December 2024.

In 2024, we surpassed 50,000 trees planted on behalf of our customers through our Woodland Saver accounts. Launched in 2021, our fixed-term deposit and cash ISA Woodland Saver accounts provide our customers with the opportunity to boost UK woodland growth. For every account opened or renewed, Gatehouse Bank works with Forest Carbon to plant a tree in one of nine UK woodland projects, certified by the government's Woodland Carbon Code. Each sapling is planted strategically to ensure that the woodlands are managed and protected in the long term, which also aligns to our ESG strategy and commitments as a founding signatory to the UN Principles for Responsible Banking. Through these accounts, we aim to help our customers align their financial goals to their ethical values and we continue to receive positive feedback in this regard. According to a customer survey in 2024, 87% of our customers provided a score of 5/10 or higher and 56% of 8/10 or higher as to the importance of tree-planting in their decision to choose Gatehouse Bank as their savings account provider.

Looking towards 2025, we will continue to develop our strong product offering whilst upholding our excellent record in terms of customer satisfaction. Gatehouse Bank's retail savings customers continue to benefit from protection under the Financial Services Compensation Scheme (FSCS).

Strategic Report
(Continued)

Gatehouse Build to Rent Group

The Gatehouse Build to Rent Group, trading as Gatehouse Living Group, is a wholly owned subsidiary of Gatehouse Bank. It is a vertically integrated residential investment and management platform, comprising of Gatehouse Investment Management (GIM) and property manager, Ascend Estates Limited.

The Gatehouse Build to Rent Group has a robust record in the market, with Gatehouse Investment Management having established five institutional single-family rental platforms and Ascend now managing over 10,500 homes.

In 2024, the Group sold an 800-home single-family housing fund on behalf of investors. The stabilised portfolio incorporates 821 two-, three- and four-bedroom homes across 10 residential sites in the West Midlands, Merseyside and Greater Manchester regions. This is the second platform to be created, stabilised and exited by the Group, following the sale of a portfolio in 2021, which was the first transaction of its kind at the time. The Group also launched a new strategic venture in 2024 with a UK-based private equity business and acquired over 1,000 homes from several leading housebuilders.

Ascend have also been mandated with new property management contracts from two institutional investors.

Overall, performance of the Build to Rent portfolios remained favourable with strong year-on-year rental growth and high occupancy.

Jen Williams in the HR Team and friends took part in the Tatton 5k running challenge in Cheshire to raise funds for Bone Cancer Research Trust in May 2024.

The timeline of investments for the Gatehouse Build to Rent Group.

Timeline of Investments

2014	Thistle Fund closed
2015	UK PRS Fund closed
2018	Gatehouse acquires Ascend; Thistle Fund deployment concluded
2020	UK PRS Fund deployment concluded
2021	Thistle Fund disposed; Joint venture with TPG formed
2022	Start Living launched
2023	Joint venture with Carlyle formed
2024	UK PRS platform disposed

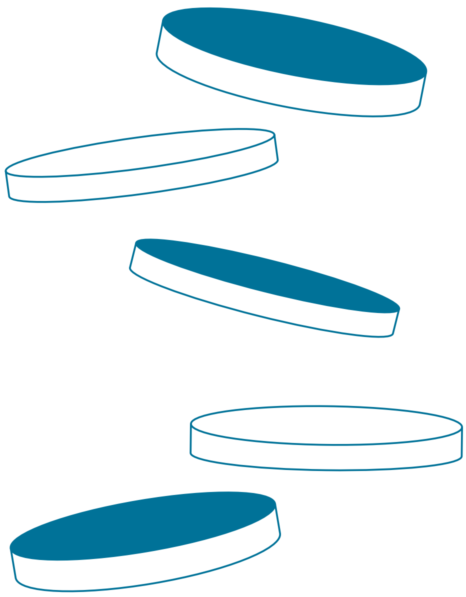
Strategic Report
(Continued)

Treasury

The Treasury team's primary function is to ensure that the Bank's balance sheet remains robust through prudent and efficient management of liquidity by using the short and medium-term money markets, retail deposits and foreign exchange products. They also ensure that the Bank maintains liquidity in accordance with both internal and regulatory requirements and manages investment in sukuk and funds.

Principal Risks and Uncertainties

Gatehouse Bank continuously monitors economic indicators including employment, inflation and interest rates, to identify risks that may impact our business and our customers. The Bank's principal risks and uncertainties have been highlighted and discussed in detail in Note 33.



ESG

The principles we follow are conducive to a transparent, fair and socially responsible form of finance, which is open to everyone. Subsequently, our aim is to help our customers materialise their goals by providing products that have been designed to have a positive environmental and societal impact.

As a Shariah-compliant Bank, we do not engage in highly speculative investments or transactions, and in any venture the risk is always shared and mitigated. All our transactions involve real assets, which helps to buffer society and the economy from the detrimental consequences of higher risk investment products. In addition, Gatehouse Bank does not invest in harmful sectors, such as alcohol, gambling, tobacco, adult entertainment and the arms industry. We also do not finance extractive activities such as coal or oil.

In 2024, we celebrated the five-year anniversary of the UN Principles for Responsible Banking, of which Gatehouse Bank is a founding signatory and the first Shariah-compliant bank in the UK to sign up. In doing so, we have committed to strategically aligning our business and future strategy to the UN Sustainable Development Goals (UN SDGs), Paris Climate Agreement and other relevant international frameworks for sustainable development.

Over the last five years, key achievements have included formalising the Bank's sustainability governance structure, establishing an initial roadmap to net zero, launching a green home finance product range and Woodland Saver accounts, and supporting local charities through colleague fundraising and volunteering.

In 2024, we refined our ESG strategy to focus on topics that matter the most to the Bank's business and key stakeholders as well as aligning to relevant sustainability frameworks. Our ESG strategy is consolidated into four pillars that highlights where we can make the largest positive impact:

- Biodiversity and Deforestation
- Financial Education and Inclusion
- Climate Change
- Community Health and Wellbeing

We remain aligned to the UK's goal of achieving net zero by 2050 and have worked hard to mitigate the impact our business has on the environment, including through our operational greenhouse gas emissions.

Gatehouse Bank has been independently certified as operationally carbon neutral for four consecutive years. In 2024, we continued to work with Carbon Neutral Britain to offset our operational emissions for the previous year, including Scope 1, Scope 2 and selected Scope 3 emission categories in accordance with ISO14046:1-2018 and the GHG Emissions Protocol Accounting and Reporting Standard. These are offset via the Climate Fund portfolio of verified carbon offsetting projects around the world, which are certified via the Verra – Verified Carbon Standard, the Gold Standard – Voluntary Emissions Reductions (VER) or the United Nations Certified Emission Reductions (CERs) programmes.

We recognise that offsetting alone will not tackle climate change and have set targets to continue mitigating the impact of the Bank's operational and financed emissions, especially through our home finance portfolio. In 2025, we aim to finalise our net zero pathways plan which will include decarbonisation targets for our Scope 1, Scope 2 and Scope 3 emissions.

The Bank's report on all emissions sources for 2024 is outlined below, using Streamlined Energy and Carbon Reporting (SECR). Greenhouse gas emissions are reported as a single total by converting them to the equivalent amount of carbon dioxide using the emission factor from the SECR conversion factor 2024.

Strategic Report
(Continued)

Gatehouse Bank Group				
Energy Source	**2024 (tCO2e)**	**2024 (kWh)**	**2023 (tCO2e)**	**2023 (kWh)**
Scope 1: Direct emissions from combustion of fuel (heating gas)	130.61	0.7mn	142.38	0.7mn
Scope 2: Indirect emissions from electricity purchased	22.77	0.1mn	38.24	0.2mn
Scope 3: Business travel, hotel stays and staff working from home	241.91	1.2mn	294.44	1.2mn
Scope 1 + 2 + 3	395.29	2.0mn	475.05	2.1mn
Environmental intensity indicator (tonnes of carbon dioxide per £1m gross income)	4.6		7.99	

In 2024, we have improved the accuracy of our emissions reporting following updates to our Scope 2 data and recalculations for previous years. There was a year-on-year reduction in carbon emissions, primarily due to a reduction in work-related travel, particularly by air. The opening of a fourth office in Birmingham and relocation to a larger Wilmslow office also reduced the need for work-related travel for colleagues based in those areas.

Rory Kerins from the Underwriting team took part in the Manchester Half Marathon in the Spring to raise funds for Bone Cancer Research Trust.

Four of our colleagues swam 560 metres daily throughout July to represent the 560 people diagnosed with bone cancer each year. Pictured are Joanna Collings with her daughter and Lucy Stimson.

Strategic Report
(Continued)

Community Health and Wellbeing

We take our responsibility to society and the communities we serve seriously. Having a positive impact on community health and wellbeing is embedded across our workplace culture, with colleague engagement at the heart of everything we do, including through corporate giving, volunteering and fundraising for our Charity of the Year.

Following an anonymous all-colleague vote, Bone Cancer Research Trust (BCRT) was selected as our charity partner for 2024. BCRT's mission is to save lives and improve outcomes for people affected by primary bone cancer by raising awareness and funding lifesaving research.

Throughout the year, colleagues across the Bank organised a range of fundraising activities in aid of BCRT, including sponsored walks, runs and swims. To boost these fundraising efforts, we launched a new initiative, Gatehouse Giving Week, in September 2024. This week was dedicated to raising awareness and funds, with several colleagues taking part in a 10,000-foot tandem skydive and members of our Executive Team cycling a combined total of 560km on stationary bikes, representing the 560 people diagnosed with bone cancer every year. Collectively, our colleagues' fundraising efforts amounted to over £21,000 raised for Bone Cancer Research Trust, which will help the charity continue its vital work.

Volunteering lies at the heart of our commitment to community health and wellbeing, and we offer all colleagues two paid volunteering days per year. In 2024, we saw the highest uptake on this policy since its inception, with 132 colleagues using their volunteering leave to support over 40 local organisations. Among these were hospices, community centres, care homes and education centres, as well as several initiatives to do with boosting biodiversity and financial health and inclusion, in alignment with our ESG strategy. Overall, 78% of Gatehouse colleagues took part in fundraising or volunteering in 2024, marking a 38% increase compared to the previous year.

In addition to our ongoing partnership with community sports club, Hyderi Sports Association, we launched the Gatehouse Bank Community Sports Fund, an initiative to support local, grassroots sports teams. This entails a one-year partnership with five colleague-nominated sports teams based in communities local to the Bank's colleagues and offices. As part of the sponsorship, Gatehouse Bank has supplied each team with a new sports kit, aiming to promote community health and wellbeing by empowering the teams to perform at their best and instilling pride within our communities.

Diversity, Equity and Inclusion

Diversity, equity and inclusion (DE&I) is a core part of our ethos, and we continue to strive for the Bank to remain a workplace where all colleagues can feel safe, respected and valued.

The Bank distributes an anonymous DE&I survey annually, which aims to assess the Bank's progress on the topics that resonate with our colleagues the most. The survey is completed on a voluntary basis, with participation rate for 2024 standing at 89%. This marked a slight uptick of 1% on the previous year and a significant 40% increase since 2022.

We use a combination of HR data and anonymous colleague survey responses to build a picture of diversity at Gatehouse Bank. In addition to representation across characteristics such as gender and ethnicity, the Bank also assesses diversity across age, socio-economic background, sexual orientation, religion, disability and dependents. This information is used to inform the Bank's DE&I strategy moving forward.

The survey results indicated colleagues wanted to hear more about:

Race, religion, cultural festivals and days of significance
Our Diversity, Equity and Inclusion Forum volunteers continued to raise awareness of various religious celebrations and significant days from across the world including Ramadan, International Women's Day, Lent and Eid.

Neurodiversity
During 2024 we provided training for all colleagues on neurodiversity and shared resources for colleagues during World Autism Day.

Gender identity e.g. preferred pronouns
Following feedback, we provided colleagues with the option to include their pronouns and pronunciation of names within their email signatures.

Caring responsibilities
With the majority of colleagues having caring responsibilities, we continued to share details of our flexible working policy via our intranet along with raising awareness on Carers Week, with a case study from one of our colleagues.

Strategic Report
(Continued)

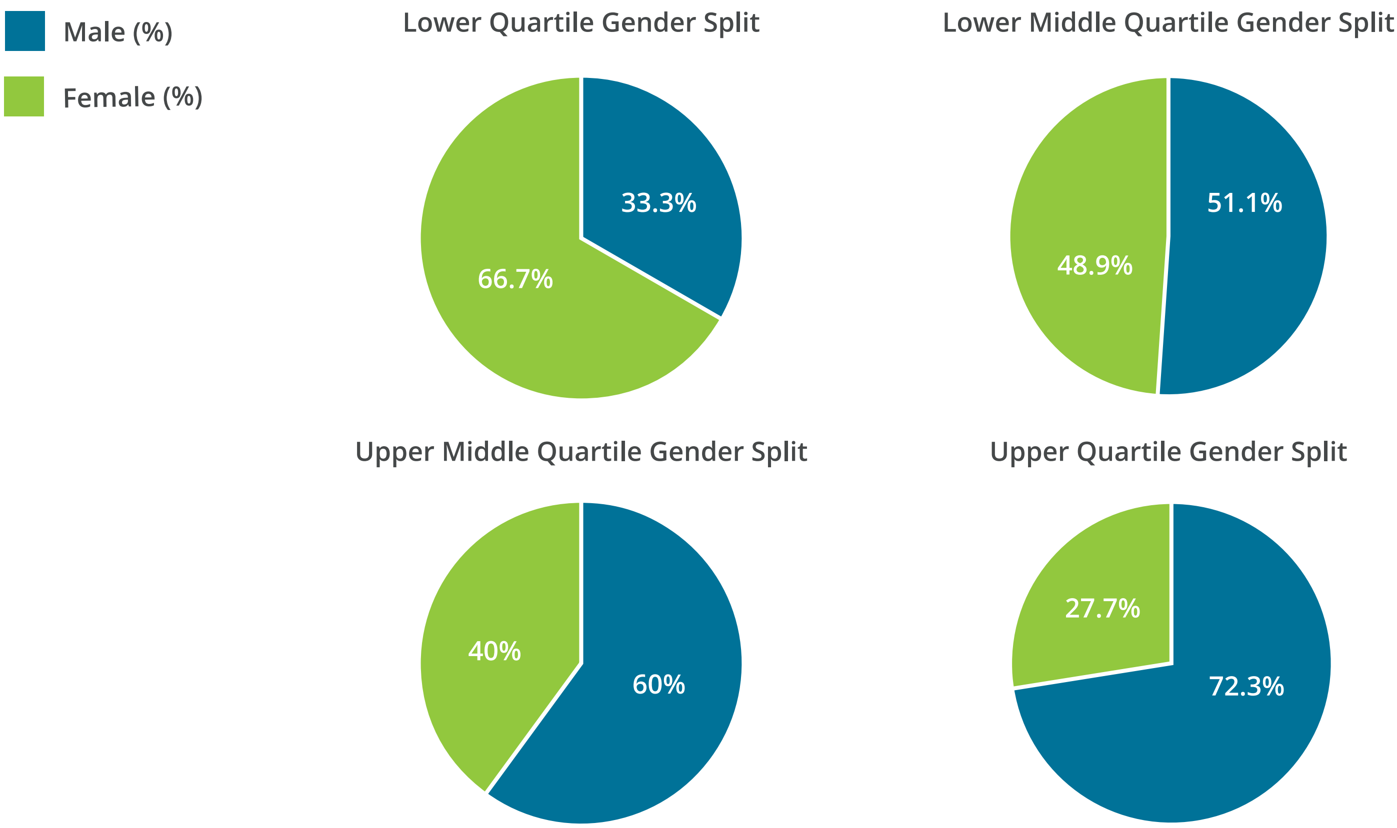
Gatehouse Bank annually evaluates the gender pay gap and takes steps to address any issues that are identified. The gender composition of Gatehouse Bank's workforce as of 31 December 2024 is outlined in the table below.

	Male	Female
Directors at Gatehouse Bank	7	1
Executive Committee members (excluding the above)	3	2
Employees at Gatehouse Bank	101	89

As of 31 December 2024, we have calculated a 31% mean and 21% median gender pay gap between men and women who work at Gatehouse Bank, marking a narrowing in the gender pay gap compared to 2023. The primary reason for our gender pay gap is due to more men holding Executive-level positions, which is consistent with trends observed in the wider industry although this has improved over recent years. The results are broken down by quartile in the charts below:

Quartile	Number	Male (No.)	Female (No.)	Male %	Female %
Lower	48	16	32	33.3%	66.7%
Lower Middle	47	24	23	51.1%	48.9%
Upper Middle	50	30	20	60.0%	40.0%
Upper	47	34	13	72.3%	27.7%

The reason for unequal numbers in each quartile is due to hourly rates spanning the quartile boundaries. An hourly rate can only appear in one quartile, resulting in the quartile boundary moving, which in turn affects the numbers in the quartile.



Strategic Report
(Continued)

Memberships & Affiliations

We recognise the importance of community in driving forward best practice in ESG. We are committed to continuously strengthening our network as well as partnering with other organisations to help achieve our ESG goals.

Bone Cancer Research Trust (BCRT)

The Bone Cancer Research Trust aims to improve outcomes for those impacted by primary bone cancer by funding research, raising awareness and providing support. According to the charity's strategy for 2022 – 2032, the ultimate aim is to develop more effective treatments for primary bone cancer patients by 2033.

Colleagues at Gatehouse Bank selected the Bone Cancer Research Trust as the Bank's Charity of the Year for 2024 through an anonymous all-staff vote. Throughout the year, colleagues across the Bank engaged in fundraising activities in aid of BCRT, including charity walks and runs, a sponsored hike up Mount Snowdon and tandem skydives. In total, £21,000 was raised which will help the charity to fund future research and support more people affected by primary bone cancer.

Carbon Neutral Britain

Gatehouse Bank works in partnership with Carbon Neutral Britain to offset the Bank's operational carbon emissions. Gatehouse Bank first measured its operational carbon footprint for the year 2019 and has since taken significant steps to reduce its carbon footprint by implementing measures such as a new business travel policy.

For Gatehouse Giving Week, Liz Sweeney, Community Manager, took on her first half marathon completing the Great North Run in Newcastle.

Forest Carbon

Forest Carbon is a leading organisation in woodland creation and peatland restoration projects for carbon capture and ecosystem services. The quality of Forest Carbon's schemes is assured by the UK Government's Woodland Carbon Code and Peatland Code.

Through its Woodland Saver accounts, Gatehouse Bank works closely with Forest Carbon in supporting the mission of growing the UK's woodland cover. For every Fixed Term Deposit or Fixed Term Cash ISA account opened or renewed, we work with Forest Carbon to plant a tree in a certified UK woodland project on behalf of the customer. In 2024, the number of trees planted through the Bank's Woodland Saver accounts since they were launched surpassed 50,000.

We have also partnered with Forest Carbon for our green home finance range. These products are designed to support UK homebuyers and landlords who are purchasing or refinancing a home with an energy efficiency rating of A or B. Under this scheme, qualifying customers receive a rate reduction and Gatehouse Bank works with Forest Carbon to offset the carbon emissions generated by the average UK property (2.9 tonnes per household) for the initial fixed term of the product. The offsetting projects selected by Forest Carbon are outside the UK and certified as per Verra (VCS) – Verified Carbon Standard.

Global Ethical Finance Initiative (GEFI)

Gatehouse Bank has a longstanding partnership with the Global Ethical Finance Initiative (GEFI), a non-profit organisation seeking to drive finance for positive change. As well as delivering practical projects, the organisation curates independent conversations among a coalition of financial services stakeholders.[2]

Through its partnership with GEFI, Gatehouse has reinforced its position as an ethical bank by taking part in campaigns and presenting at events involving some of the world's leading financial institutions.

Greengage

Greengage is a multidisciplinary sustainability consultancy offering strategic consulting services across the UK. In 2024, Gatehouse Bank commissioned Greengage's ESG and Net Zero team to assess financed emissions of its home finance portfolio, establish a verifiable carbon baseline and set Science-Based Targets initiative (SBTi)-aligned targets. Furthermore, Greengage also conducted net zero scenario testing to assess the impact of anticipated regulatory changes and key industry policy recommendations on the Bank's projected emissions trajectory. This work will not only assist with the development of the Bank's net zero pathway but also inform the development of financial products and services that will enable our net zero transition by 2050.

We are proud to partner with these organisations that demonstrate our commitment to Corporate Social Responsibility:

Bone Cancer Research Trust

Carbon Neutral Britain

Forest Carbon

Global Ethical Finance Initiative (GEFI)

Greengage Sustainability Matters

The Islamic Finance Council UK (UKIFC)

United Nations Environmental Programme - Finance Initiative (UNEP FI) - UN Principles for Responsible Banking

Women in Islamic and Ethical Finance Forum (WIEFF)

Strategic Report
(Continued)

Islamic Finance Council UK (UKIFC)

The Bank has a long-term partnership with the UKIFC, a specialist advisory and developmental body focused on promoting and enhancing the global Islamic finance industry.

As a founding Stakeholder Endorser of the UN Principles for Responsible Banking, over the past 5 years, the UKIFC's Islamic sustainable finance initiatives have included the Global Islamic Finance & UN SDGs Taskforce, the High-Level Working Group on Green & Sustainable Sukuk and the COP28 Unlocking Islamic Finance programme. As part of the Taskforce, Gatehouse Bank collaborated with the UKIFC to roll out the world's largest global Islamic finance retail survey[1], with the results published in 2023. The survey was designed to gain insight into customers' understanding of the UN's Sustainable Development Goals and the Bank's activities in relation to people and the planet.

In 2024, Gatehouse Bank took part in an Islamic Sustainable Finance Roundtable discussion, organised by the UKIFC to provide an update on our experience as a founding signatory to the UN Principles for Responsible Banking.

Zoe Sopper, our Marketing Manager, took part in the Royal Parks Half Marathon in London to raise money for Bone Cancer Research Trust.

Members of our Home Finance Business Development team successfully completed the 23km Jubilee Walk in June 2024, fundraising for Bone Cancer Research Trust.

[1]Islamic Finance and the UN SDGs - Global Survey 2023.This report is available to download below or by visiting our website: https://www.ukifc.com/wp-content/uploads/2023/02/GEFI217_UKIFC_Report_v202302241221-1340_web.pdf

Strategic Report
(Continued)

United Nations Environmental Programme - Finance Initiative (UNEP FI) - UN Principles for Responsible Banking

Gatehouse Bank became a founding signatory to the UN Principles for Responsible Banking (UN PRB) in September 2019 alongside 129 other global banking institutions. The UN PRB provides a framework for a sustainable banking system and help the financial sector demonstrate how it makes a positive contribution to society. By signing these Principles, Gatehouse Bank has committed to strategically aligning its business to society's goals, as laid out by the UN's Sustainable Development Goals, the Paris Climate Agreement and other relevant frameworks that identify the most pressing societal, environmental, and economic needs of our time.

Gatehouse Bank is an active member of the global community of signatory banks, participating in multiple work tracks developing and sharing best practice for responsible banking.

Women in Islamic and Ethical Finance Forum (WIEFF)

Gatehouse Bank is a corporate member of the Women in Islamic and Ethical Finance Forum (WIEFF). WIEFF is an independent, international forum for industry professionals to collaborate and promote the interests of the ethical and Islamic Finance industry. The forum's long-term vision is to support and promote women in Islamic Finance globally and to create a platform which fosters links between the Islamic and ethical finance industries (ESG, SRI, green finance and impact investing) for the expansion and advancement of the sector.

Strategic Report
(Continued)

Improving our Social, Economic and Environmental Impact throughout 2024:

Celebrating five years of UN Principles for Responsible Banking

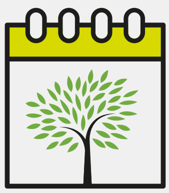
In 2024, we celebrated the five-year anniversary of the UN Principles for Responsible Banking, of which Gatehouse Bank is a founding signatory and the first Shariah-compliant bank in the UK to sign up. Committed to strategically aligning our business to the UN Sustainable Development Goals (UNSDGs) and Paris Climate Agreement, key achievements include establishing an initial roadmap to net zero, launching a green home finance product range and Woodland Saver accounts, and supporting local charities through colleague fundraising and volunteering.

Volunteering in the Community

Throughout 2024, 78% of colleagues across the Bank took part in fundraising or volunteering, marking a 38% increase compared to the previous year. All colleagues are offered two paid volunteering days per year and 2024 saw the highest uptake on this policy since its inception, with 132 colleagues using their volunteering leave to support over 40 local organisations. Among these were hospices, community centres, care homes and education centres, as well as several initiatives to do with boosting biodiversity and financial health and inclusion.

Carbon Neutral Business

The Bank remains aligned to the UK's goal of achieving net zero by 2050. We have worked hard to mitigate the impact our business has on the environment, including through our operational greenhouse gas emissions. In 2024 we achieved a year-on-year reduction in carbon emissions, primarily due to a reduction in work-related travel, particularly by air. The opening of a fourth office in Birmingham and relocation to a larger Wilmslow office also reduced the need for work-related travel for colleagues based in those areas. In 2025 we will continue to mitigate the impact of the Bank's operational and financed emissions, especially through our home finance portfolio.



Milestone Achievement

Our award winning Woodland Saver accounts, which launched in February 2021, have continued to prove popular throughout 2024. We have now planted over 50,000 trees on behalf of our customers in nine certified woodland projects around the UK. A carefully planned and managed woodland offers a wide range of benefits beyond supporting biodiversity and capturing CO2.

Strategic Report
(Continued)

Community Partnerships

In 2024, Gatehouse Bank launched it's community sports fund supplying the following teams with new branded sports kits.

Hurdsfield Phoenix Vipers

The Hurdsfield Phoenix Vipers are a local children's community football team which is part of the Hurdsfield Phoenix Club in Macclesfield. The team provides training in a friendly and sociable environment, while also supporting the young players' learning and development.

Match Point Tennis Coaching

Based at Meopham Tennis and Leisure Centre in Kent, Match Point Tennis Coaching is a family business offering tennis coaching to players of all levels and abilities. The club's specialty lies in creating a welcoming and inclusive environment for anyone to be part of, to learn and have fun playing tennis. The club's coaches are all committed to fostering a friendly community of like-minded people and tailoring their coaching according to their members' needs.

Hyderi Sports Association

Hyderi Sports Association (HSA) is a community sports club based in Croydon, South London. HSA facilitates regular sports activities for its 300 members, including football, cricket, volleyball, netball and badminton. The club has a diverse membership, with its associated community centre regularly hosting interfaith initiatives and getting involved in local charity work.

HSA adheres to the Islamic values of inclusivity, empathy and understanding, and strives to create an active, collaborative and diverse environment for its members. These values align to Gatehouse Bank's ethos as a Shariah-compliant UK challenger bank that follows the Islamic principles of being transparent, fair and socially responsible.

Gatehouse Bank has a three-year sponsorship agreement in place with HSA, which so far has helped the club provide sports kits for their members, facilitated their attendance in sports tournaments and supported the club in hosting community sports days.

MK United FC (Cobras and U15's Blues)

Founded in 1975, MK United FC is a community club based in Milton Keynes that provides inclusive football to those of all ages and abilities. Under its umbrella are two sports teams that form part of Gatehouse Bank's community sports fund, the MK United Cobras and the MK United U15s Blues.

Strategic Report
(Continued)

Tigers Junior Football Club

The Tigers Junior Football Club is a Football Association (FA) Charter Standard Community Club based in Hornchurch, Essex, which has been awarded the highest standard of Charter Standard Community Club status by the FA. The club has both male and female teams between the ages of seven and 18 who have competed in the Echo Junior Football League, Chelmsford Youth League, Essex County Girls League and Essex County Women's League, among others. All committee members, managers and coaches at the Tigers Junior Football Club work on a voluntary basis.

Going Concern

As of the date of signing this report, after making all reasonable and appropriate enquiries and taking into account the Bank's regulatory capital and liquidity, its forecasts, stress tests, and scenario analyses, the Directors have reasonable expectation that the Bank has adequate financial resources to continue in operational existence for at least next 12 months from the date of signing the financial statements. The Directors are satisfied that the going concern basis remains appropriate in preparing the Bank's financial statements. Further disclosures on the going concern basis can be found in Note 3 of the financial statements.

Approval

This strategic report was approved by the Board of Directors and signed on its behalf by:

Charles Haresnape
Chief Executive Officer
24 April 2025

Colleagues across the Bank have taken advantage of the Bank's volunteering policy which covers two paid days of leave each year for those who volunteered in 2024.

Nikki Carter, Abigail Wilson and Priya Patel volunteered at Pullen Day Centre, a centre for older people many of whom have Alzheimer's or Dementia, by providing company and playing games (including musical bingo!).

Rory Kerins, Joanne Mottershead and Georgia Moran volunteered at Friendly Fridays UK, a community group aiming to improve the wellbeing of local people, by chatting with guests and making sure the guests enjoyed their day out.

Kevin Thomas volunteered at both The Data Inspiration Group where he spoke to a group of Year 10 students studying a BTEC in IT at Poole High School, and also at Ykids Limited Believe Awards 2024 which celebrated those in Merseyside who are committed to giving back to the community.

Rachel Pillings spent time as a parent volunteer during her children's school excursion to Hampton Court Palace. Her involvement not only helped to facilitate the trip but also enriched the experiences for students.

Throughout the year, Gatehouse Bank colleagues supported a number of local communities with volunteering activities.

Frankie Flore volunteered at Beaumont Court Care Home by helping the care home staff and fostering meaningful interactions with the residents.

Daniel Banshaw volunteered at Bletchley and Fenny Stratford Green Gym's allotment. Run by The Conservation Volunteers, it aims to connect communities with green spaces through hands-on conservation and gardening.

Courtney Mee, Tina Bowles, Steve Williamson and Ary Jaff volunteered at Cash for Kids, promoting the charity's Sports Challenge. They spent the day raising awareness and handing out leaflets to help local sports clubs receive grants.

Liz Sweeney, Charles Haresnape, Andy Homer, Maria Cunningham, Ravi Kumar, Chris Proudfoot, Lucy Stimson, Joshua Fry and Gemma Donnelly volunteered at one of Forest Carbon's tree planting sites at Tom's Wood in Yorkshire. They planted saplings on behalf of our Woodland Saver customers.

In 2024, 78% of colleagues across the Bank took part in fundraising or volunteering to support over 40 local organisations and marking a 38% increase from the previous year.

Alex Pritchard, Andy Homer and Ravi Kumar volunteered at Pooley Country Park in the West Midlands by clearing the ground and pruning the trees to help maintain the park and safeguard its natural beauty.

Hannah Tolen volunteered with Chester Aid to the Homeless, and improved the lives of homeless people by organising the clothing store and ensuring all new donations were ready to be sorted in the coming weeks.

Ian Yale volunteered at the War Memorial Park in Coventry by helping to maintain the Community Sensory Garden. The wheelchair-accessible garden was created in collaboration with Coventry Resource Centre for the Blind, Samaritans and Grapevine to enhance the enjoyment of the park for people of all abilities.

Charli Winterton, Ashley Brown, Alina Rauta and Daniel Webley volunteered with Baby Basics Milton Keynes, a charity dedicated to supporting families facing financial hardship. They helped to set up and organise the 'Top-Up Shop' where families have the opportunity to purchase essential items at reduced prices.

Sarah Hepplewhite, Kristi Kurti, Mohaimin Choudhury, Michael Heath, Mohammad Shafique and Christopher Sapitula chatted with visitors, joined in with crafts, played games and even organised a special chess match at the Pullen Day Centre, which aims to provide a welcoming space for older people with Alzheimer's and Dementia.

Corporate Governance Report

THE BOARD OF DIRECTORS ('the Board')

Non-Executive Directors

Fahed Faisal Boodai, Chairman

Mr Boodai is the co-founder and Chairman of Gatehouse Financial Group and Chairman of Gatehouse Bank plc. With more than 28 years' investment banking experience specifically within the global real-estate market, he has presided over diverse real estate acquisitions and exits totalling over US$3 billion. Mr Boodai holds an MBA with a concentration in Finance from Loyola Marymount University in Los Angeles, California and a Bachelor of Science degree in International Business from the University of San Diego. Mr Boodai's family maintains overall control of the Boodai Corporation, a Kuwait-based holding company with diverse interests including construction, engineering and global real estate.

Gerald Gregory, Deputy Chairman and Chairman of the Board Risk and Compliance Committee and Remuneration and Nominations Committee and Senior Independent Director

Mr Gregory is a retired Managing Director of a diverse portfolio of businesses and joined the Board of Gatehouse Bank in December 2015. He has significant strategic and operational experience in large (equivalent FTSE top 100) mutual retail financial services companies and extensive experience in strategy development and implementation, risk management, treasury and structured finance operations, marketing and sales. He retired from his executive career in March 2008 and has since worked in a variety of Non-Executive Director roles, mainly, but not exclusively, in financial services. He is very familiar with the UK liquidity and capital regimes.

Abdulaziz AlBader, Vice Chairman

Mr AlBader joined the Board of Gatehouse Bank in February 2017. He was employed by the Kuwait Investment Authority (KIA) from 1989 and in 2023 retired from his position there as Executive Director for Operations and Administration. Mr AlBader held other senior roles at the KIA including Executive Vice President, Human Resources & Administration at the Kuwait Investment Office, London. Prior to joining the KIA, he served as Director of the Minister's Office, Ministry of Finance; and Director, Public Warehousing Company and Kuwait Fund for Arab Economic Development, Kuwait. He represented the KIA on the Board of Directors of Warba Bank from February 2014 to March 2016, where he was Chairman of the Risk Committee; Vice Chairman of the Audit Committee; and member of the Governance Committee. Mr AlBader graduated from Kuwait University in 1980 with a BA in Accounting; holds an MBA in Finance from the University of Scranton Pennsylvania, USA; and is a member of the Kuwait Accounting Society.

Lesley Beecher, Non-Executive Director

Ms Beecher joined the Board of Gatehouse Bank in April 2023. She has over 31 years' experience in the financial services industry, including board-level roles at HSBC, First Direct, Harpenden Building Society and Cornerstone Mutual Services. As a technology specialist, she has extensive executive experience in delivering large change programmes and leading teams of up to 1,000 technology professionals, making her highly skilled in digital, technology, delivery and people leadership.

Phillip McLelland, Non-Executive Director and Chairman of the Audit Committee

Mr McLelland joined the Board of Gatehouse Bank in April 2024 with over 30 years' experience within highly commercial, complex and regulated environments, including energy and financial services. He previously held executive-level roles at Calisen, British Business Bank plc, Provident Financial plc and UK Asset Resolution with responsibility across all aspects of finance leadership, reporting, financial control, risk management and ESG. Phillip is also a Non-Executive Director at Furness Building Society, where he chaired the Board Risk Committee for 5 years and is currently the Chairman of the Audit Committee and is a Non-Executive Director and Chairman of the Board Risk Committee at Pure Retirement Ltd. As a member of the Gatehouse Board, he is responsible for overseeing leadership, strategic direction and governance of the Bank.

Corporate Governance Report

THE BOARD OF DIRECTORS ('the Board')

Executive Directors

Charles Haresnape, Chief Executive Officer

Mr Haresnape joined Gatehouse Bank as Chief Executive Officer in May 2017. Prior to joining the Bank, he was Group Managing Director at Aldermore Bank from January 2011, where he was responsible for residential and commercial mortgages, plus property development. Before joining Aldermore, Charles was with Connells, one of the UK's largest estate agency groups, where he was Group Mortgage Services Director. Prior to Connells, he was responsible for intermediary mortgage lending at both NatWest and RBS, plus the branch mortgage sales force within NatWest. He has worked for a number of other household names in the banking and building society sectors, including Nationwide and HBOS where he was a senior executive, responsible for mortgage sales and portfolio acquisitions. Charles has been Deputy Chairman of the Council of Mortgage Lenders (CML) and Chairman of the Intermediary Mortgage Lenders Association (IMLA).

Danesh Mahadeva, Chief Financial Officer

Mr Mahadeva was appointed Chief Financial Officer of Gatehouse Bank in July 2017. Danesh began his career at the Bank as Vice President, Head of Finance in September 2013 and was responsible for managing the finance function. He has been an active member of key governing committees of the Bank and has worked closely with the Board in developing the Bank's strategy and financial planning. Prior to joining the Bank, Danesh's previous roles have included working for Barclays Bank Plc across financial and product control and Ernst & Young specialising in audit in the banking and capital markets division. Danesh graduated with a BSc degree in Management Sciences from London School of Economics and Political Science and is a member of the Institute of Chartered Accountant for England & Wales (ICAEW).

Usman Ahmed Chaudry, Chief Risk Officer

Dr Chaudry joined Gatehouse Bank as Chief Risk Officer in January 2018. Prior to this he was Risk Director at Tandem, a fintech bank, responsible for risk management and compliance; and part of the management team that completed the acquisition of Harrods Bank. Prior to Tandem, Usman held the role of Global Head of Risk Governance and Policy at Standard Chartered, responsible for risk oversight across some 80 countries. Prior to this, he was at KPMG advising UK banks on FS risk & regulatory matters, including FS corporate transactions; and at Barclays and GE Capital helping setup greenfield operations and risk management in retail & commercial businesses across Europe, Middle East and Africa. He started his career at FICO, where he used advanced analytics and artificial intelligence to help banks drive better decisions. Usman holds a PhD in Computational Chemistry from the University of Manchester.

Corporate Governance Report
(Continued)

Compliance with the UK Corporate Governance Code

The Bank is not required to comply with the UK Corporate Governance Code ("the Code") but it recognises that the Code is seen as a benchmark for best practice and therefore seeks to apply the Code's principles where appropriate and commensurate with its size and operations.

Further explanation of how the principles have been applied is set out below.

Board Leadership and Company Purpose

The Board is responsible for the long-term sustainable success of the Bank within a framework of controls which enables prudential and conduct risk to be assessed and managed and in accordance with the Bank's Corporate Governance Framework ("CGF"). It is responsible for establishing the Bank's purpose, values and strategy, ensuring that the necessary financial and non-financial resources are in place to meet strategic aims, monitoring performance against key financial and non-financial indicators, overseeing the system of risk management and controls and for setting values and standards in governance matters.

It is also responsible for engagement with shareholders and stakeholders and ensuring workforce policies and practices are consistent with the Bank's values and support its long-term sustainable success.

Division of Responsibilities

The chair leads the Board and is responsible for its overall effectiveness in directing the Bank. The Board includes a combination of executive and non-executive (including independent non-executive) directors and there is a clear division of responsibilities across the board, separating out the executive from the non-executive functions, in line with the PRA and FCA's Senior Managers and Certification Regime and which are captured in the CGF. The time commitment of the non-executive directors is stated in their individual letters of appointment, and they are expected to provide constructive challenge, strategic guidance, offer specialist advice and hold management to account.

The Board considers Gerald Gregory, Lesley Beecher and Phillip McLelland to be independent within the meaning of the Code. None of these Directors have any executive or other role or material relationship with the Bank that, in the Board's view, would affect their objectivity and all have proven to be independent in character and judgement.

The Board has appointed Gerald Gregory as Senior Independent Director to provide a sounding board for the Chairman and serve as an intermediary for the other directors and shareholders.

Notwithstanding his tenure of more than 9 years, the Board considers Mr. Gregory to be independent and that he continues to exercise independent judgment and challenge. In addition, given his skills and expertise, particularly in risk management, the Board believes his appointment continues to be appropriate and promotes the success of the Company.

The Board acknowledges the Chairman's extended appointment but, given his areas of expertise, contacts and contribution to the Board and the wider group from which the Company benefits, believes his appointment continues to be appropriate and promotes the success of the Company.

Composition, Succession and Evaluation

Appointments to the Board are considered by a Remuneration and Nominations Committee and approved by the Board and succession plans are maintained for board and senior management. The Board and its committees have a combination of skills, experience and knowledge. The Board's annual self-evaluation process considers its composition, diversity and how effectively members work together to achieve objectives. The results of these are considered by the Remuneration and Nominations Committee and reported to the Board with any recommendations.

Audit, Risk and Internal Control

The Board has established an Audit Committee comprised of non-executive directors. Its functions include the responsibility to oversee the independence and effectiveness of internal and external audit functions and to satisfy itself on the integrity of financial and narrative statements and that a fair, balanced and understandable assessment of the Bank's position and prospects is presented. The board has also established a Board Risk and Compliance Committee comprised of non-executive directors. Its functions include the responsibility to oversee the internal control framework and determine the nature and extent of the principal risks the company is willing to take to achieve its long-term strategic objectives.

Remuneration

The Board has established a Remuneration and Nominations Committee comprised of non-executive directors. Its functions include the responsibility to ensure remuneration policies and practices are designed to support strategy and promote long-term sustainable success; are in line with the Bank's regulatory obligations; and that executive remuneration is aligned to the Bank's purpose and values and linked to the successful delivery of the company's long-term strategy. Directors are expected to exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.

Corporate Governance Report
(Continued)

Delegation Of Authority

Management Committees

The Board has delegated to the Executive Committee (comprised of both Executive Directors and other senior management) authority to execute Board strategy and to manage the Bank on a day-to-day basis.

Board Committees

The Board establishes sub-Committees on an ad hoc basis or standing Committees to which certain powers and authority of the Board are delegated. The standing sub-Committees operate under terms of reference approved by the Board that set out the delegation of powers and authority to them.

The following standing Committees are currently established:

Board Risk and Compliance Committee ("BRCC")

The BRCC's responsibilities include ensuring that an appropriate risk management framework is in place, the Bank's control environment is commensurate to its needs, based on the strategy adopted by the Board and the nature and scale of the Bank's activities. The committee also aids managing relationships with external parties, including the Prudential Regulation Authority and the Financial Conduct Authority. The BRCC is comprised of two independent non-executive directors and one other non-executive director. The BRCC met 5 times in 2024.

Audit Committee ("AC")

The AC oversees financial reporting, the internal and external audit functions and ensures appropriate actions are taken with regard to internal and external audits. It also oversees relationships with relevant external parties including the external auditor. The AC is comprised of two independent non-executive directors and one other non-executive director. The AC met 5 times in 2024.

Remuneration and Nominations Committee ("RNC")

The RNC's responsibilities include reviewing the ongoing appropriateness of the Bank's remuneration policy and the design of any performance related pay schemes and share incentive plans operated by the Bank. The RNC's responsibilities also include reviewing the structure, size and composition of the Board and making recommendations to the Board, succession planning, identifying and nominating candidates to fill Board vacancies, and reviewing the results of the Board evaluation process. The RNC is comprised of two independent non-executive directors and one other non-executive director. The RNC met 6 times in 2024.

Below is a table of Directors appointments, resignations, and committee memberships in 2024.

Director	Date of Appointment	Committee Memberships
Fahed Faisal Boodai	25.05.2007	BRCC
Gerald Gregory	10.12.2015	AC, BRCC, RNC
Abdulaziz AlBader	15.02.2017	AC, RNC
Charles Haresnape	08.05.2017	-
Lesley Beecher	01.04.2023	AC, BRCC, RNC
Danesh Mahadeva	17.08.2017	-
Usman Chaudry	29.04.2021	-
Phillip McLelland	29.04.2024	AC, BRCC, RNC

Shariah Supervisory Board Report

بسم الله الرحمن الرحيم

To the Shareholders of Gatehouse Bank plc
Assalaam A'laikum Wa Rahmat Allah Wa Barakatuh

In compliance with our terms of appointment with Gatehouse Bank plc (the "Bank"), we, the Shariah Supervisory Board of the Bank (the "SSB"), are required to submit the following report of Shariah compliance to you in connection with the business activities and the operations of the Bank.

Pursuant to our mandate, we have reviewed the activities of the Bank and material transaction documents entered into and material agreements with third parties for supply of services to facilitate the operations of the Bank. This report relates to the period 1 January 2024 to 31 December 2024 (the "Period").

We have conducted an overall review the Bank's activities to form an opinion as to whether the Bank has complied with Shariah rules and principles and also with the specific pronouncements, rulings and guidelines issued by us ("Shariah").

Management is responsible for ensuring that the Bank conducts its business in accordance with Shariah. It is our responsibility to form an independent opinion on that and report to you, based on our review of the operations of the Bank.

Supervision

The SSB has supervised the Bank's operations to the extent it is relevant to Shariah and carried out its role in directing the Bank to comply with Shariah.

Bank's Contracts

The Bank has entered into contracts for its operations and financing agreements. These include obtaining services from third parties to manage the Bank and providing financing to clients in a Shariah-compliant manner to generate income. The SSB has reviewed the contracts and agreements presented during the year and conveyed its pronouncements. The Bank has followed the pronouncements and, where necessary, amended the relevant documents in order to comply with Shariah.

Shariah Audit

The SSB has reviewed internal Shariah audit reports and made an assessment of systems and controls in place for the processing of related expenses incurred by employees of the Bank.

Annual Report

The SSB has perused the Bank's draft Annual Report and Accounts and the statements and notes therein.

Zakaat

The Bank's parent company, Gatehouse Financial Group Limited ("GFGL"), calculates the Zakaat on behalf of its shareholders according to the Shariah rules approved by its Shariah Supervisory Board. The Zakaat payable for GFGL's paid up capital is the responsibility of GFGL's shareholders.

Conclusion

We performed our review so as to obtain material information and explanations which we considered necessary in order to provide us with sufficient evidence to give a reasonable assurance that the Bank has not breached Shariah during the Period.

In our opinion, the Bank was, in all material respects, in compliance with Shariah rules and principles during the Period.

Members of the Shariah Supervisory Board

Sheikh Dr Nizam Yaquby
Chairman of the SSB

Sheikh Dr Esam Khalaf Al Enezi
Member of the SSB

Sheikh Dr. Abdul Aziz Al-Qassar
Member of the SSB

24 April 2025

Our values

Respectful

We are transparent and socially responsible. We aim to create a healthy and respectful culture where colleagues feel comfortable sharing their ideas, concerns and feedback. We have a responsibility to operate morally, and in accordance with Environment, Social and Governance (ESG) criteria to deliver meaningful change for our **Customers, Colleagues** and **Communities.**

Open

We encourage an environment that appreciates diversity and values inclusivity. We encourage open and honest communication with our customers and colleagues. We recognise the importance of listening so that every customer and colleague feels respected.

Collaborative

We celebrate our successes and differences, drawing on each other's strengths to support one another. We embrace collaboration and all colleagues are responsible for their actions, behaviours, performance and decisions. We work as one team to take things to the next level and achieve more together.

Directors' Report

The Directors present their annual report on the affairs of the Bank, together with the financial statements and auditor's report, for the year ended 31 December 2024. The Corporate Governance Statement set out on pages 32 to 35 forms part of this report. The strategic report starting on page 12 contains details of the principal activity of the Company and provides information on the development of the Company's business during the year, details of exposure to risks and uncertainties and indications of likely future developments, going concern, and any significant events after the reporting date.

Information about the use of financial instruments by the company and its subsidiaries is given in note 3 to the financial statements. Further details on the Bank's Energy and Carbon emissions can be found in the Strategic report. The Bank has no branches outside the UK.

For details about subsequent events and going concern, please refer to note 3 and 35.

Dividend

No dividends were paid during the year (2023: £nil). The Directors do not recommend a final dividend on ordinary shares to be paid in respect of the year (2023: £nil).

Directors and Directors' Interests in Shares

The names of the Directors and Company Secretary at the date of this report are shown on page 2, and director appointments, resignations and committee memberships are shown on page 35. All of the Directors have served the Bank during the year and until the date of signing the accounts. None of the Directors who held office at the end of the financial year has any interest in the shares of the Bank.

Sharia Supervisory Board members

The names of the Sharia Supervisory Board's members at the date of this report are shown on page 36 in the Sharia Supervisory Board's report.

Directors' Indemnities

The Bank has made qualifying third-party indemnity provisions jointly with its parent for the benefit of their Directors and directors of subsidiaries that were in post during the year and remain in force at the date of this report.

Employee Engagement

The Bank places considerable value on the involvement of its employees and keeps them informed on matters affecting them as employees and on the various factors affecting the performance of the Bank. The Bank holds monthly town hall events to provide updates to all the staff on the strategic plans of the Bank and its progress.

Employees with Disabilities

Application for employment by people with disability are given full and fair consideration bearing in mind the respective aptitudes and abilities of the applicant concerned and our ability to make reasonable adjustments to the role and the work environment. In the event of existing employees suffering a disability, all reasonable effort is made to ensure that appropriate training is given and their employment with the Bank continues. Training, career development and promotion of a person with a disability is, as far as possible, identical to that of an able-bodied person.

Directors' Report
(Continued)

As set out in the Strategic Report, the Bank has undertaken a number of initiatives to ensure gender diversity requirements are achieved. The Strategic Report also includes the Bank's engagement with stakeholders, reporting of carbon emissions, and considerations in respect of climate change.

Engagement with Suppliers, Customers and Others

The Bank's policy is to agree on terms of payment with suppliers, customers, and others and these normally provide for settlement within 30 days after the date of the invoice, except where other arrangements have been negotiated. It is the policy of the Bank to abide by the agreed terms of payment, provided the suppliers, customers, and others perform according to the terms of the contract.

Auditor

The Bank had appointed Forvis Mazars as its external auditor in 2024. Forvis Mazars has expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed as the forthcoming Annual General Meeting.

Political Contributions and Charitable Donations

The Bank made no political contributions (2023: £nil) and £7,760 of charitable donations (2023: £28,662) during the year.

Directors' emoluments

Directors' emoluments are set out in note 7 of the financial statements, including the remuneration of the highest paid director.

Directors' Statement as to Disclosure of Information to Auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Bank's auditor is unaware; and
- each of the Directors has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Bank's auditor is aware of that information.

Directors' Report
(Continued)

Section 172(1) statement

The directors have, in good faith, acted in a way to promote the success of the company for the benefit of its members as a whole, and in doing so have had regard (amongst other matters) to factors (a) to (f) under section 172 of the Companies Act 2006 which includes:

- The likely consequences of any decision in the long term;
- The interests of the company's employees;
- The need to foster the company's business relationships with suppliers, customers and others;
- The impact of the company's operations on the community and the environment;
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between members of the company.

The Directors have taken into consideration these matters, and also considered the views and interests of the other stakeholders, such as the Bank's regulators. The Directors' approved the business plan and revised strategy for 2024 after ensuring these matters were given due consideration and the need of stakeholders were incorporated in the development of the business plan and future strategy of the Bank.

The Board regularly receives reports from management on issues concerning the interest of the below key groups:

- Investors;
- Customers;
- Communities;
- Employees;
- Environment; and
- Regulators.

The Board also reviews the financial and operational performance of the Bank, including key risk areas and legal, Sharia and regulatory compliance.

Risk management

The Bank's methodology on risk management is outlined in note 33.

Subsequent events

Events after reporting period of 31 December 2024 have been disclosed, if any, in note 35.

Stakeholders' engagement

Investors

The Board appreciates the support from its shareholders and the interests of our shareholders are represented by our shareholder directors, Fahed Faisal Boodai and Abdulaziz AlBader representing The Securities House and the Kuwait Investment Authority (KIA) respectively.

Customers

As outlined in the Chairman's and CEO's statement, supporting our customers is key to the Bank's business model and strategic plan and has been a significant focus of the Board throughout 2024.

The Board was keen to ensure that there was no deterioration in customer service levels during 2024 whilst maintaining an appropriate risk and control environment.

The Board and Executive Committees monitor the impact on customers through regular reports on customer Net Promoter Scores (NPS) and customer feedback, and this information helps guide and inform the Board 's decisions on strategy and customer satisfaction.

Communities

Please refer to the Bank's strategic report for further details on the Bank's key initiatives in 2024 to support the communities.

Employees

The Bank's employees and their well-being is of paramount importance to the Board and Executive Committee. In light of the pandemic, all employees were required to work from home and formal risk assessment processes were undertaken to ensure an appropriate environment was maintained. This involved increasing the resources of our IT department to provide greater support to our staff working remotely as well as the provision to all staff of laptops and other home office equipment, where appropriate.

The Bank undertakes employee surveys (including diversity and inclusivity surveys) throughout the year as a means to obtain ongoing feedback from its staff. This feedback is used by management and reported to the Board in guiding its decision-making affecting employees. Throughout the pandemic, the Bank has maintained monthly virtual town halls providing employees with updates on strategy and key business matters.

Directors' Report
(Continued)

The Board is also pleased with the level of engagement from its staff in charitable giving and in supporting the Bank in improving the wider community. Please see strategic report for further details.

Environment

The Board recognises the importance of climate change and in reducing the Bank's carbon footprint. Please refer to Bank's strategic report for further details on the Bank's key initiatives supporting the environment.

Regulators

The Board and the Executive Committee maintain an open and transparent relationship with the regulators.

The Bank ensures at all times that the regulatory impact of its activities are taken fully into consideration. All key regulatory requirements and metrics are reviewed by the Board on a daily basis and throughout the year the Board ensures it keeps the regulators up to date on key business and operational updates.

This confirmation is given and should be interpreted in accordance with s418 of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the Board.

Danesh Mahadeva
Chief Financial Officer
24 April 2025

Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK-adopted International Financial Reporting Standards (IFRSs). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent company and of their profit or loss for that period. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

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

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

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

Directors' Responsibility Statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with relevant reporting framework, give a true and fair view of the assets, liabilities, financial loss of the Bank and the undertakings included in the consolidation taken as a whole;
- the Strategic Report together with the Chairman and CEO statements include a fair review of the development and performance of the business and the position of the Bank and the undertakings included, together with a description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's performance, business model and strategy.

By order of the Board

Danesh Mahadeva
Chief Financial Officer
24 April 2025

Our purpose

We exist to help more people realise their dreams and aspirations.

With an alternative, balanced approach to banking, we offer **a different way**.

Independent Auditor's Report to the Members of Gatehouse Bank Plc

Opinion

We have audited the financial statements of Gatehouse Bank Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2024 which comprise consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows, company statement of financial position, company statement of changes in equity, company statement of cash flows and notes to the financial statements, including material accounting policy information.

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2024 and of the group's profit for the year then ended; and
- have been properly prepared in accordance with UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Our audit procedures to evaluate the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern;
- Obtaining an understanding of the relevant controls relating to the directors' going concern assessment;
- Making enquiries of the directors to understand the period of assessment considered by them, the assumptions they considered and the implication of those when assessing the group's and the parent company's future financial performance;
- Challenging the appropriateness of the directors' key assumptions in their cash flow forecasts by reviewing supporting and contradictory evidence in relation to these key assumptions and assessing the directors' consideration of severe but plausible scenarios. This included assessing the group's and the parent company's latest 5 Year Business Plan, and with the assistance of our prudential expert, assessing the latest Internal Capital Adequacy Assessment Process ('ICAAP') and Internal Liquidity Adequacy Assessment Process ('ILAAP'), and its reverse stress testing;
- Testing the accuracy and functionality of the model used to prepare the directors' forecasts;
- Performing a sensitivity analysis by incorporating various stress scenarios to assess the impact on the capital and liquidity position of the parent company;
- Assessing the accuracy of the forecasts and incorporating back-testing to determine the historical accuracy of management's forecasting and budgeting;
- Assessing and challenging key assumptions and mitigating actions put in place in response to the current economic situation, including but not limited to, the decline in inflation levels and in interest rates;
- Inspection of communication between the parent company and the Prudential Regulatory Authority ('PRA') and Financial Conduct Authority ('FCA');

Independent Auditor's Report to the Members of Gatehouse Bank Plc (Continued)

- Considering the consistency of the directors' forecasts with other areas of the financial statements and our audit;
- Reviewing the correspondence with the prudential regulators, minutes of meetings of the Audit Committee and the Board of Directors and considering any post balance sheet events to identify and assess the impact of matter related to going concern; and
- Evaluating the appropriateness of the directors' disclosures in the financial statements on going concern

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, 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 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.

We summarise below the key audit matters in forming our opinion above, together with an overview of the principal audit procedures performed to address each matter and our key observations arising from those procedures.

These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

Key audit matters	How our scope addressed this matter
Valuation of expected credit losses (ECL) on loan portfolios (Residential Property Finance (RPF) and Real Estate Finance (REF)) Group and parent company: £9.8 million; (2023: £10.1 million) Refer to Note 3 Significant accounting judgements, estimates and assumptions, Note 15 Financing and advances at amortised cost, and Note 33 Risk Management. The estimation of expected credit losses ('ECL') on loans and advances to customers is complex and inherently judgemental due to the use of subjective assumptions. The most significant areas where we identified greater levels of management judgement are: • Model estimation - Key assumptions in the model, including probability of default ('PD'), loss given default ('LGD') and exposures at default ('EAD'), as well as significant increase in credit risk ('SICR') triggers. • Macro-economic scenarios - The use of macro-economic variables ('MEVs') reflecting a range of future scenarios; and • Post model adjustments - Completeness and valuation of post model adjustments ('PMA').	Our audit procedures included, but were not limited to: *Control testing* • Obtaining an understanding of the process by performing end-to-end walkthroughs to identify process related risks, relevant risk mitigating controls, key systems and applications, and relevant data inputs; • Identifying key controls related to the data inputs, computation, review and approval of the ECL included in the financial statements; and • Evaluating the design and implementation as well as testing the operating effectiveness of the key controls over the: - completeness and accuracy of the key inputs into the IFRS 9 impairment models, including loan key data elements; - model governance, including approval of changes in assumptions or methodologies, model validation, implementation and monitoring with a focus on model improvement; - assumptions and model output governance, specifically on modelled and judgemental, macroeconomic forecasts and scenario design/ weighting; - significant increase in credit risk: perform controls testing on internal credit ratings, credit quality review process, probation, missed ground rent/ service charge payments, property issues including the watchlist and forbearance monitoring; and - IT general controls (ITGCs) and IT application controls (ITACs) covering the key credit systems and data flows.

Independent Auditor's Report to the Members of Gatehouse Bank Plc (Continued)

Key audit matters (continued)	How our scope addressed this matter (continued)
As a results of the risk assessment of the areas above, we determined that the provision for impairment on loans and advances has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole.	*Substantive testing* • Performing independent credit file reviews on sample of RPF and REF loan portfolios as at 31 December 2024 to assess the appropriateness of staging and related ECL provision; • Challenging and independently reperforming management's assumption and calculations of post model adjustment; • Performing a sensitivity assessment of the impact of key assumptions such as PD and LGD and Data inputs such as collateral valuation to the ECL output; • Engaging our credit risk specialist to develop an understanding of the model code, perform assessment for compliance with management's ECL methodology, and test the mathematical accuracy of the calculation through independent model re-run; • With the support of our real estate experts, testing and reviewing the accuracy and appropriateness of sample of collateral valuations; • Engaging our economist expert to assess and challenge the reasonableness and appropriateness of the parent company's methodology for determining the economic scenarios used and the probability weightings applied to them, key economic variables, and forecasts by challenging key economic assumptions applied in the calculation; • Performing a stand-back assessment of the ECL to assess its appropriateness and reasonableness, taking into consideration the overall credit risk profile of the portfolio, including collateralisation; and • Reviewing the financial statement disclosures to ensure compliance with IFRS 9 and completing IFRS checklist on the completeness of the associated disclosure. **Our observations** We found the approach taken in respect of valuation of ECL on loan portfolios as at 31 December 2024 was reasonable and consistent with the requirements of IFRS 9. The disclosures in the financial statements have been prepared in accordance with IFRS 9.

Independent Auditor's Report to the Members of Gatehouse Bank Plc (Continued)

Key audit matters (continued)	How our scope addressed this matter (continued)
Deferred tax asset recognition Group and parent company: £7.4m (2023: £5.3 million) *Refer to Note 3 Basis of preparation and significant accounting policies-Taxation and Note 12 Taxation* The Group incurred significant losses in the past but has achieved five consecutive years of profitability, since 2020. In compliance with IAS 12, the parent company has recognised a deferred tax asset ('DTA') related to its unutilised tax losses. The recognition of the DTA is based on management's estimation of future profits against which the parent company's unutilised losses can be offset. There is considerable estimation uncertainty in determining future taxable profits as the parent company's future performance depends on several assumptions. The value of the recognised DTA was driven by the estimated profitability of the parent company through growth in its lending business over a ten-year period from the current year end date. This ten-year period being determined by the stressed five-year board approved business plan, with an assumed terminal growth rate from years 6-10. The most significant areas where we identified higher levels of management judgement are: • The assumptions used in management's profit forecasts • The appropriateness of the 10-year recognition period Additionally, the magnitude of the recognised DTA is a multiple of the overall materiality of the group and parent company, making it significant to the respective financial statement. As a result of the risk assessment of these areas, we determined that the DTA recognition involves a high degree of estimation uncertainty, with a potential range of reasonable outcomes exceeding our materiality for the financial statements as a whole.	Our audit procedures included but were not limited to: *Control Testing* • Obtaining an understanding of the process by performing end-to-end walkthroughs to identify process related risks, relevant risk mitigating controls and relevant data inputs; • Identifying key controls relating to the data inputs, computation, review and approval of the DTA included in the financial statements; • Evaluating the design and implementation, and testing the operating effectiveness of key controls over the DTA recognition, including those which cover: - completeness and accuracy of the key inputs into the deferred tax calculation; - assumptions and estimates applied in the deferred tax computation; and - approval of the forecast incorporated as input date in deferred tax asset assessment. *Substantive testing* • Reviewing management's assessment on the recoverability of the DTA; • Assessing the reasonableness of the assumptions and inputs used in determining the future taxable profits and the risk weighting of each forecast profit figure; • Assessing the appropriateness of the ten year recognition-period over which the profits are forecasted; • Assessing the appropriateness of tax rates used to calculate the DTA; • Conducting back-testing of previous profits forecasts to evaluate the accuracy of management's forecasting process; • With the assistance of our tax specialists: - Identifying potential areas of tax non-compliance in the application of relevant tax laws IAS 12; and - Challenging management assumptions on the DTA computation using industry knowledge, benchmarking and stress testing techniques where appropriate. **Our observations** We have assessed the recoverability of the recognised deferred tax assets and have concluded that recognised deferred tax assets are recoverable. The disclosures in the financial statements have been prepared in accordance with IAS 12.

Independent Auditor's Report to the Members of Gatehouse Bank Plc (Continued)

Our application of materiality and an overview of the scope of our audit

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

Group materiality

Overall materiality	£1,023,465
How we determined it	1% of net assets
Rationale for benchmark applied	Materiality is based on net assets as it is the key focus area for the users of the financial statement which includes the consideration of the strategic plan, key risks to the group, the group's size, complexity and regulatory capital position. The net assets as at 31 December 2024 were £106 million. Although the final net assets were higher than the interim net assets of £102 million used in planning materiality, we kept materiality at the original absolute value, ie. £1,023,465.
Performance materiality	• Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. • We set performance materiality at £409,386, which represents 40% of overall materiality. • In determining the performance materiality, we considered a number of factors, including the effectiveness of internal controls, complexity of the significant assumptions used in the financial statements and the nature of the entity being public interest entity, and concluded that an amount towards the lower of our normal range was appropriate.
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above £30,704 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Independent Auditor's Report to the Members of Gatehouse Bank Plc (Continued)

Parent company materiality

Overall materiality	£912,790
How we determined it	1% of net assets
Rationale for benchmark applied	Materiality is based on net assets as it is the key focus area for the users of the financial statement which includes the consideration of the strategic plan, key risks to the group, the group's size, complexity and regulatory capital position. The net assets as at 31 December 2024 were £92.421 million. Although the final net assets were higher than the interim net assets of £91.279 million used in planning materiality, we kept materiality at the original absolute value, ie. £912,790.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. We set performance materiality at £362,354, which represents 40% of overall materiality. In determining the performance materiality, we considered a number of factors, including the effectiveness of internal controls, complexity of the significant assumptions used in the financial statements and the nature of the entity being public interest entity, and concluded that an amount in the lower range was appropriate.
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above £27,384 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Independent Auditor's Report to the Members of Gatehouse Bank Plc (Continued)

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements, such as assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of our risk assessment, our understanding of the group and the parent company, their environment, controls, and critical business processes, to consider qualitative factors to ensure that we obtained sufficient coverage across all financial statement line items.

Our group audit scope included an audit of the group and the parent company financial statements. Based on our risk assessment, one component of the group, ie. the parent company, was subject to full scope audit performed by the group audit team. For the purposes of issuing opinion on the group financial statements, all components were audited by the group audit team.

Full scope audit carried out on one component, ie. the parent company, accounts for 99% of interest income, 17% of profit before tax, 94% of net assets and 99% of total assets.

At the parent company level, the group audit team also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

Other information

The other information comprises the information included in the annual report and financial statements other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 42, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditor’s Report to the Members of Gatehouse Bank Plc (Continued)

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the group and the parent company and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: regulatory and supervisory requirement of the PRA and the FCA.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Obtaining an understanding of the legal and regulatory framework applicable to the group and the parent company, the industry in which they operate, and the structure of the group, and considering the risk of acts by the group and the parent company which were contrary to the applicable laws and regulations, including fraud;
- Inquiring of the directors, management and, where appropriate, those charged with governance, as to whether the group and the parent company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence with relevant licensing or regulatory authorities, including the PRA and the FCA, as well as legal correspondence;
- Attending bilateral meetings with the PRA;
- Reviewing minutes of directors’ meetings in the year and up to the date of approval of the annual report and financial statements; and
- Discussing amongst the engagement team the laws and regulations listed above, and remaining alert to any indications of non-compliance.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation and Companies Act 2006.

In addition, we evaluated the directors’ and management’s incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting of manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimate, in particular in relation to ECL, fraud risk in revenue recognition (which we pinpointed to the accuracy assertion) and significant one-off or unusual transactions.

Our procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud;
- Addressing the risks of fraud through management override of controls by performing journal entry testing;
- Applying professional scepticism to confirm if there is management bias through judgements and assumptions in significant accounting estimates.

The primary responsibility for the prevention and detection of irregularities, including fraud, rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit are discussed in the “Key audit matters” section of this report.

A further description of our responsibilities is available on the Financial Reporting Council’s website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

Independent Auditor's Report to the Members of Gatehouse Bank Plc (Continued)

Other matters which we are required to address

Following the recommendation of the Audit Committee, we were appointed by the Board of Directors on 8 May 2024 to audit the financial statements for the year ending 31 December 2024 and subsequent financial periods. The period of total uninterrupted engagement is one year, covering the year ended 31 December 2024.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit.

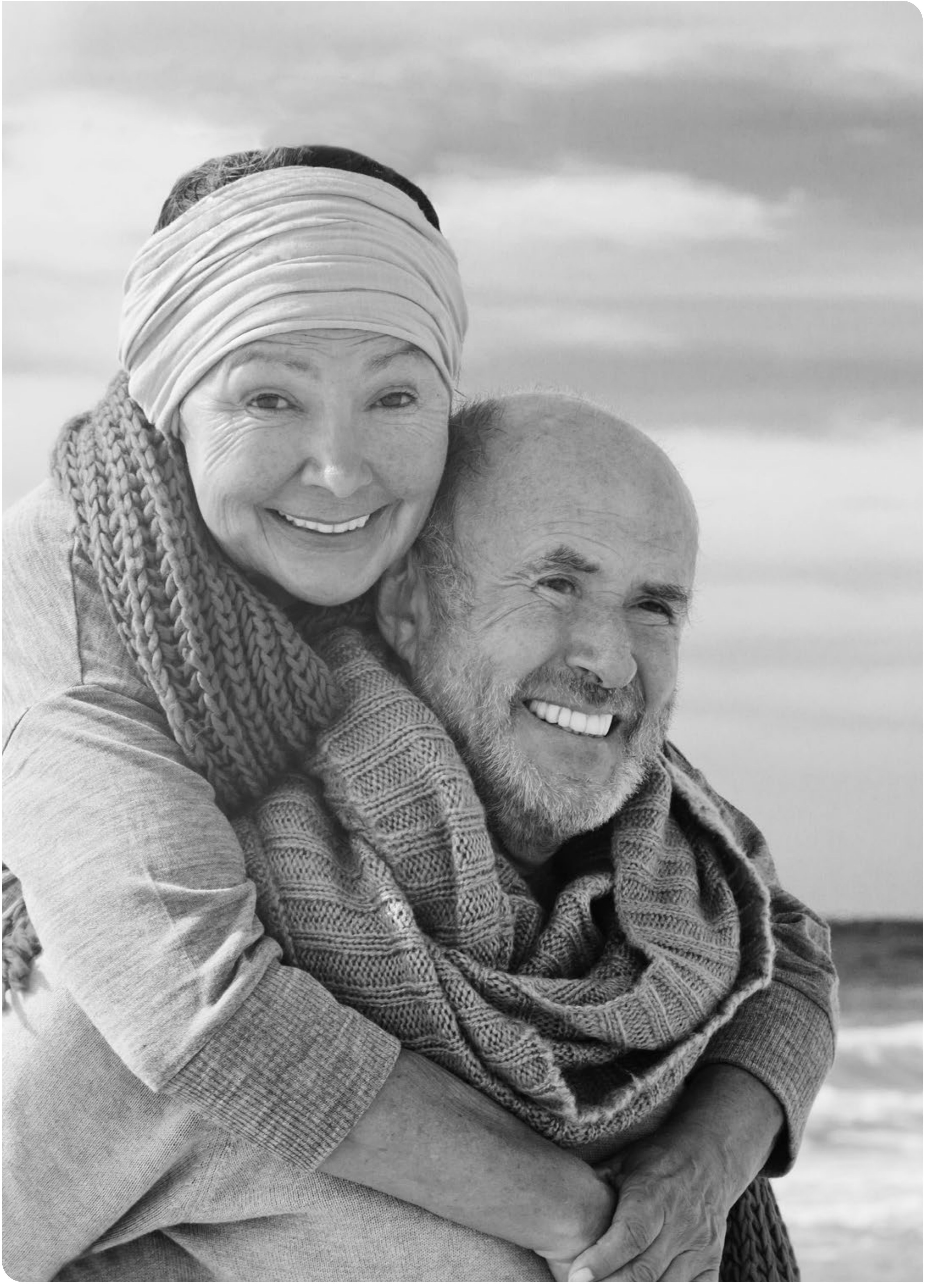
Our audit opinion is consistent with our additional report to the Audit Committee.

Use of the audit report

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

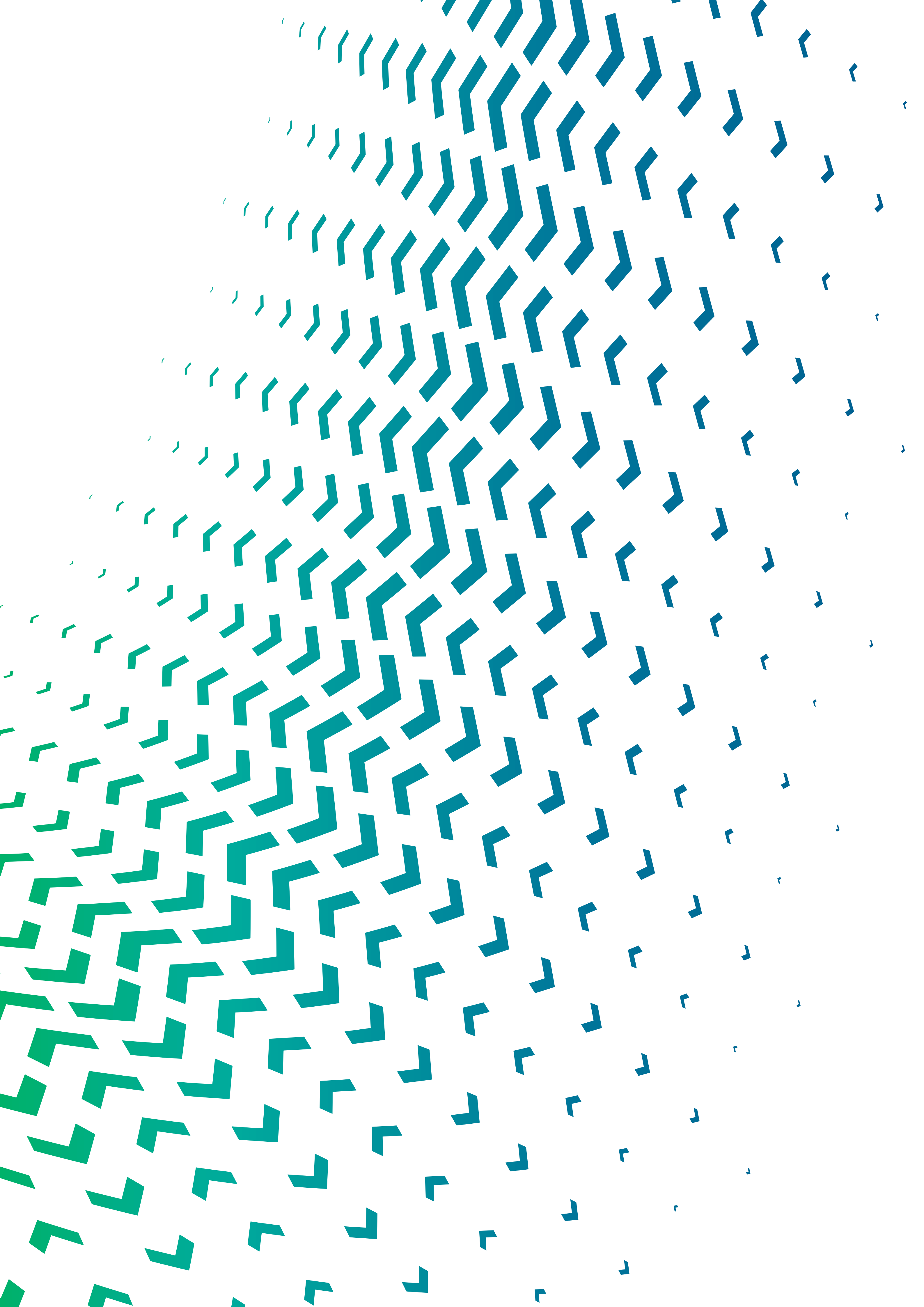
PProborespati

Poppy Proborespati (Senior Statutory Auditor)
For and on behalf of Forvis Mazars LLP
Chartered Accountants and Statutory Auditor
30 Old Bailey, London, EC4M 7AU
24 April 2025



Consolidated Financial Statements for the year ended

31 December 2024



Consolidated Income Statement

	Notes	Year ended 31-Dec-2024 £'000s	Year ended 31-Dec-2023 £'000s
Income			
Income from financial assets held at amortised cost	4	66,832	55,745
Charges to financial institutions and customers	25	(51,091)	(32,736)
Fees and commission income		16,777	10,130
Fees and commission expense		(243)	(127)
Foreign exchange losses	5	137	19
Net gains from financial assets at fair value through income statement (FVTIS)	6	2,287	1,952
Net gains from financial assets at fair value through other comprehensive income (FVTOCI)		344	197
Other (loss) / income	10	-	(231)
Impairment release / (charge)	9	192	(847)
Total operating income		**35,235**	**34,102**
Expenses			
Staff costs	7	(21,011)	(20,643)
Depreciation and amortisation	21 & 22	(1,313)	(1,302)
Other operating expenses	8	(9,563)	(9,004)
Total operating expenses		**(31,887)**	**(30,949)**
Operating profit before tax from continuing operations		**3,348**	**3,153**
Tax	12	452	4
Profit for the year from continuing operations		**3,800**	**3,157**
Attributable to:			
Profit attributable to the Bank's equity holders		**3,800**	**3,157**

Consolidated Statement of Comprehensive Income

	Notes	Year ended 31-Dec-2024 £'000s	Year ended 31-Dec-2023 £'000s
Profit for the year		**3,800**	**3,157**
Items that will be reclassified subsequently to income statement:			
Gains /(Losses) on FVTOCI investments		344	554
Other comprehensive income for the year		**344**	**554**
Comprehensive profit for the year		**4,144**	**3,711**
Attributable to:			
Profit attributable to the Bank's equity holders		**4,144**	**3,711**

Notes 1 to 36 form an integral part of the financial statements.

Consolidated Statement of Financial Position

	Notes	Year ended 31-Dec-2024 £'000s	Year ended 31-Dec-2023 £'000s
Assets			
Cash and balances with banks		27,823	24,596
Financing and advances at amortised cost	15	1,322,888	1,357,803
Financial assets held at FVTIS	16	8,228	18,278
Financial assets at FVTOCI	17	28,282	19,512
Goodwill	18	4,242	4,242
Derivative financial instruments	20	31,054	33,032
Intangible assets	21	2,402	1,879
Property, Plant and Equipment and right-of-use assets	22	945	1,155
Other assets	24	8,857	4,016
Deferred Tax Asset	12	7,427	5,260
Total assets		**1,442,148**	**1,469,773**
Liabilities			
Financial liabilities measured at amortised cost	25	1,288,977	1,316,609
Derivative financial instruments	20	38,150	44,010
Other liabilities	26	8,649	6,926
Total liabilities		**1,335,776**	**1,367,545**
Net assets		**106,372**	**102,228**
Shareholders' equity			
Share capital	30	150,049	150,049
Fair value through other comprehensive income reserve		(4,377)	(4,721)
Reserve as a result of subsidiary acquisition		(15,917)	(15,917)
Retained deficits		(23,383)	(27,183)
Total Shareholders' Equity		**106,372**	**102,228**

The financial statements were approved by the Board of Directors and authorised for issue on 24 April 2025.
They were signed on its behalf by:

Charles Haresnape
Chief Executive Officer

Danesh Mahadeva
Chief Financial Officer

Consolidated Statement of Changes in Equity

	Share capital	FVTOCI reserve	Reserve as a result of subsidiary acquisition	Retained deficit	Total Shareholders' Equity
	£'000s	£'000s	£'000s	£'000s	£'000s
Balance at 1 January 2024	150,049	(4,721)	(15,917)	(27,183)	102,228
Other comprehensive (losses)/gains for the year					
Unrealised gain on instruments at FVTOCI	-	344	-	-	344
Total other comprehensive (losses)/ gains for the year	**150,049**	**(4,377)**	**(15,917)**	**(27,182)**	**102,572**
Continued Operations	-	-	-	3,800	3,800
Profit for the year	-	-	-	3,800	3,800
Recycling of reserve on liquidation of subsidiary	-	-	-	-	-
Balance at 31 December 2024	**150,049**	**(4,377)**	**(15,917)**	**(23,383)**	**106,372**

Consolidated Statement of Changes in Equity
(Continued)

	Share capital	FVTOCI reserve	Reserve as a result of subsidiary acquisition	Retained deficit	Total Shareholders' Equity
	£'000s	£'000s	£'000s	£'000s	£'000s
Balance at 1 January 2023 (restated)	150,049	(5,275)	(15,917)	(30,073)	**98,784**
Other comprehensive (losses)/gains for the year					
Unrealised loss on instruments at FVTOCI	-	554	-	-	**554**
Total other comprehensive (losses)/ gains for the year	**150,049**	**(4,721)**	**(15,917)**	**(30,073)**	**99,338**
Continued Operations	-		-	3,157	**3,157**
Profit for the year	-	-	-	3,157	**3,157**
Recycling of reserve on liquidation of subsidiary	-	-	-	(267)	**(267)**
Balance at 31 December 2023	**150,049**	**(4,721)**	**(15,917)**	**(27,183)**	**102,228**

Consolidated Statement of Cash Flows

	Notes	Year ended 31-Dec-2024	Year ended 31-Dec-2023
Cash flows from operating activities		**£'000s**	**£'000s**
Profit after tax from continuing operations		3,800	3,157
Adjusted for:			
Impairment charge/ (release)	9	(192)	847
Negative / (positive) revaluation of financial instruments held at FVTIS (unquoted investments)	6	(1,969)	(22)
Fair value movement in financial instruments held at FVTIS (derivative financial instruments)	6	341	(1,083)
Depreciation and amortisation	21 &22	1,313	1,302
Foreign exchange (gains)/losses		(120)	145
Taxation	12	(452)	(4)
Net decrease/(increase) in operating assets:			
Fair value movement in financial instruments held at FVTIS (derivative financial instruments)		(4,080)	(14,824)
Changes in financing and advances at amortised cost	15	35,115	(130,754)
Net (increase)/decrease in other assets		(4,517)	(1,712)
Net increase/(decrease) in operating liabilities:			
Changes in financial liabilities measured at amortised cost	25	(27,632)	148,024
Income tax paid		(850)	(592)
Net (decrease)/increase in other liabilities		1,226	156
Net cash (outflow)/inflow from operating activities		**1,983**	**4,640**
Cash flow from investing activities			
Purchases of financial assets held at FVOCI		(15,693)	-
Proceeds from sale of financial assets held at FVTOCI		7,254	-
Purchase of financial assets held at FVTIS (unquoted investments)		(2,715)	(1,195)
Proceeds from sale of financial assets held at FVTIS (unquoted investments)		14,735	-
Purchase of plant and equipment	22	(597)	(416)
Purchase of intangible assets	21	(1,057)	(623)
Proceeds from disposal of property, plant and equipment		30	-
Net cash inflow from investing activities		**1,957**	**(2,234)**
Cash flows from financing activities			
Acquisition of subsidiaries	18	-	-
Cash outflow for lease liabilities	23	(697)	(701)
Net cash inflow/(outflow) from financing activities		**(697)**	**(701)**
Net (outflow)/inflow in cash and cash equivalents		**3,243**	**1,705**
Cash and cash equivalents at the beginning of the year		24,596	22,845
Effect of foreign exchange rate changes		(16)	46
Cash and cash equivalents at the end of the year		**27,823**	**24,596**
Additional information on operational cash flows from profit and dividends			
Profit paid		53,847	23,431
Profit received		65,387	55,817
Dividend received		659	845

Company Statement of Financial Position

	Notes	Year ended 31-Dec-2024 £'000s	Year ended 31-Dec-2023 £'000s
Assets			
Cash and balances with banks		23,893	22,450
Financing and advances at amortised cost	15	1,322,888	1,357,803
Financial assets held at FVTIS	16	7,286	18,278
Financial assets at FVTOCI	17	28,282	19,512
Investment in subsidiaries	18	22,780	22,780
Derivative financial instruments	20	31,054	33,032
Intangible assets	21	1,951	1,382
Property, Plant and Equipment and right-of-use assets	22	198	519
Other assets	24	7,344	3,689
Deferred tax asset	12	7,427	5,260
Total assets		**1,453,103**	**1,484,705**
Liabilities			
Financial liabilities measured at amortised cost	25	1,289,498	1,317,725
Derivative financial instruments	20	38,150	44,010
Other liabilities	26	4,135	4,746
Total liabilities		**1,331,783**	**1,366,481**
Net Assets		**121,320**	**118,224**
Shareholders' Equity			
Share capital	30	150,049	150,049
Fair value through other comprehensive income reserve		(4,377)	(4,722)
Retained deficits		(24,352)	(27,103)
Total Shareholders' Equity		**121,320**	**118,224**

During the financial year ended as at 31 December 2024, the Bank has made standalone profit of £2,752K (2023: £3,353K profit).

Notes 1 to 36 form an integral part of the financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on the 24 April 2025. They were signed on its behalf by:

Charles Haresnape
Chief Executive Officer

Danesh Mahadeva
Chief Financial Officer

Company Statement of Changes in Equity

	Share capital £'000s	FVTOCI reserve £'000s	Retained deficit £'000s	Total £'000s
Balance at 1 January 2024	150,049	(4,721)	(27,104)	**118,224**
Other comprehensive losses for the year				
Unrealised gain on instruments at FVTOCI	-	344	-	**344**
Total Other comprehensive losses for the year	**150,049**	**(4,377)**	**(27,104)**	**118,568**
Profit for the year	-	-	2,752	**2,752**
Balance at 31 December 2024	**150,049**	**(4,377)**	**(24,352)**	**121,320**

	Share capital £'000s	FVTOCI reserve £'000s	Retained deficit £'000s	Total £'000s
Balance at 1 January 2023	150,049	(5,275)	(30,457)	**114,317**
Other comprehensive losses for the year				
Unrealised gain on instruments at FVTOCI	-	554	-	**554**
Total other comprehensive losses for the year	**150,049**	**(4,721)**	**(30,457)**	**114,871**
Profit for the year	-	-	3,353	**3,353**
Balance at 31 December 2023	**150,049**	**(4,721)**	**(27,104)**	**118,224**

Company Statement of Cash Flows

	Notes	Year ended 31-Dec-2024	Year ended 31-Dec-2023
Cash flows from operating activities		**£'000s**	**£'000s**
Profit after tax from continuing operations		2,752	3,353
Profit after tax		**2,752**	**3,353**
Adjusted for:			
Impairment charge	9	(192)	847
Negative/ (positive) revaluation of financial instruments held at FVTIS (unquoted investments)	6	(1,969)	(21)
Fair value movement in derivative financial instruments	6	341	(1,083)
Depreciation and amortisation	21&22	930	929
Foreign exchange (gains)/losses		(120)	145
Taxation	12	(2,167)	(735)
Net decrease/(increase) in operating assets:			
Fair value movement in financial instruments held at FVTIS (derivative financial instruments)		(4,080)	(14,824)
Changes in financing and advances at amortised cost	15	35,115	(130,754)
Net (increase) / decrease in other assets		(3,319)	76
Net increase/(decrease) in operating liabilities:			
Changes in financial liabilities measured at amortised cost	25	(28,227)	149,414
Net increase /(decrease) in other liabilities		(535)	(13)
Net cash (outflow)/inflow from operating activities		**(1,471)**	**7,334**
Cash flow from investing activities			
Proceeds from sale of financial assets held at FVOCI		2,708	-
Purchases of financial assets held at FVOCI		(11,147)	-
Purchase of financial assets held at FVTIS (unquoted investments)		(1,774)	(1,196)
Proceeds from sale of financial assets held at FVTIS (unquoted investments)		14,735	-
Purchase of plant and equipment	22	(66)	(267)
Purchase of intangible assets	21	(1,124)	(621)
Net cash inflow/(outflow) from investing activities		**3,332**	**(2,084)**
Cash flows from financing activities			
Acquisition of subsidiaries	18	-	-
Cash outflow for lease liabilities	23	(401)	(401)
Net cash inflow/(outflow) from financing activities		**(401)**	**(401)**
Net (outflow)/inflow in cash and cash equivalents		**1,460**	**4,849**
Cash and cash equivalents at the beginning of the year		22,450	17,555
Effect of foreign exchange rate changes		(17)	46
Cash and cash equivalents at the end of the year		**23,893**	**22,450**
Additional information on operational cash flows from profit and dividends			
Profit paid		53,846	23,458
Profit received		54,300	55,817
Dividend received		2,910	2,145

Notes to the Consolidated Financial Statements for the Year Ended

31 December 2024

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024

1. General Information

The Bank was incorporated as a public limited company, limited by shares in England and Wales on 25 May 2007 under the Companies Act 1985 and received authorisation from the FSA on 21 April 2008 to carry out regulated activities as a deposit-taking institution. The address of the registered office is given on page 2.

The principal activities of the Company and its subsidiaries (The Group) and the nature of the Group's operation are set out in the strategic report on pages 12 to 31.

2. Adoption of new and revised standards

New and revised IFRSs in issue but not yet effective

The Bank has not applied the following new and revised IFRSs that have been issued but are not yet effective and have not yet been adopted by the UK:

New or amended standard or interpretation	Effective date – for annual periods beginning on or after
Amendments to IFRS 7 and 9: Classification and Measurement of Financial Instruments	1 January 2026
IFRS 18: Presentation and Disclosures in Financial Statements	1 January 2027
IFRS 19: Subsidiaries without Public Accountability: Disclosures	1 January 2027

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods except for the adoption of IFRS 18. The Bank is currently working to identify all impacts the amendments as discussed in IFRS 18 will have on the primary financial statements and notes to the financial statements.

Amendments to IFRSs that are mandatorily effective for the current year:

The following amendments to existing IFRS accounting standards became effective for annual periods beginning on 1 January 2024:

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16
- Disclosures: Supplier Finance Arrangements -Amendments to IAS 7 and IFRS 7

None of these amendments will have an impact on the Bank's consolidated financial statements at 31 December 2024.

3. Basis of preparation and significant accounting policies

Going concern

The Bank's business activities, together with the factors likely to affect its future development, performance as well as the financial position of the Bank, its cash flows, liquidity position and obtaining financing facilities are described in this annual report and accounts. In addition, note 33 to the financial statements includes the Bank's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and its exposures to credit and liquidity risk.

The Bank ensures it meets its capital and liquidity prudential limits and regulatory thresholds on a day-to-day basis by actively managing its cash, short-term treasury placements and longer dated exposures. This also includes stress testing the impact of one or more events that may adversely affect the amount of regulatory capital and positive liquidity of the Bank. The Directors monitor the likelihood of such a stress event or combination of events happening on a forward-looking basis regularly and take such preventive and detective actions as appropriate to ensure any stress event or events and their impact is mitigated on a timely basis. The Bank's forecasts and projections take account of possible changes in future conditions and performance and the maintenance of planned capital and liquidity resources above the regulatory base requirements for the foreseeable future. In light of the above, the Directors continue to adopt the going concern basis in preparing the annual report and financial statements.

The assessment performed covers the next 12 months from the date of signing the financial statements. The Bank has made an assessment of going concern, taking into account both current performance of the Bank as well as the war in Ukraine and domestic economic crisis, including consideration of projections incorporating the impact of rise in the interest rate, property market for the Bank's capital and funding position. Specifically, the Bank considered:

- The adequacy and resilience of the Bank's capital base throughout the year including revised macro-economic scenarios;
- The impact of negative valuations on the Bank's real estate and legacy assets;
- The adequacy of the Bank's liquidity taking into account the hardship policy offered to customers in financial stress and the strength of its retail deposit offering; and
- The regulatory and legal environment and any potential conduct risks.

Basis of accounting

The financial statements have been prepared in accordance with UK-adopted International Financial Reporting Standards (IFRSs). The financial statements have been prepared under the historical cost accounting convention except for financial assets and liabilities stated at their fair value, comprising investment securities and derivative financial instruments.

Figures stated in thousands of pounds sterling

These consolidated financial statements disclose figures stated in thousands of pound sterling and are rounded up to the nearest amount in pound sterling.

Significant accounting judgements, estimates and assumptions

Judgements

In the process of applying the Bank's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect in the amounts recognised in the consolidated financial statements.

Structured entities

The Bank uses judgement in determining which entities are structured entities. If the voting or similar rights are not the dominant factor in deciding who controls the entity and such voting rights relate to the administrative tasks only and the relevant activities are directed by means of contractual arrangements, the Bank identifies such entities as structured entities. After determining whether an entity is a structured entity, the Company determines whether it needs to consolidate this entity based on the consolidation principles of IFRS 10. The management of the Company has determined that it does not have any controlling interest in consolidated structured entities as at 31 December 2024 (see Note 19).

Key sources of estimation uncertainty

Level 3 fair value measurements

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data. Fair value is estimated on the basis of historic cost less impairment and by reference to the net asset value of the underlying investment, where the net asset value is not based on observable market data (see Note 33).

The fair value of unquoted equity securities (See Note 16) has been identified as a key source of estimation uncertainty at 31 December 2024 that has a significant risk of resulting in a material adjustment within the next year. Estimates are involved in assessing the fair value of the equity investment securities based on expected sale proceeds which is significantly derived from property prices. Applying different assumptions at 31 December 2024 to determine expected sale proceeds could materially impact the fair value estimation. As discussed in Note 33, a 20 % decrease in property prices would reduce the fair value of financial assets held at FVTIS by £1.5m and £4.9m as at 31 December 2024 and 2023, respectively.

Notes to the Consolidated Financial Statements
(Continued)

Recoverability of deferred tax asset

Deferred tax assets are recognised in respect of tax losses to the extent that is probable that future taxable profit will be available against which the tax losses can be utilised. Although in the UK, tax losses can be utilised indefinitely, judgment is required to determine the amount of deferred tax asset that can be recognised, based on the likely timing and level of future taxable profit, together with future tax planning strategies.

Accounting policy for deferred tax is set out in taxation section and the details of deferred tax assets and liabilities are set out in note 12.

In recognising a deferred tax asset for unutilised losses, the Directors' make certain judgements around the recoverability of the deferred tax asset.

Judgement is involved in determining the period of time over which it is probable there will be sufficient future taxable profits against which the unutilised losses can be used.

Estimates of the level of future profitability are made in determining the amount of deferred tax asset against unutilised losses at the reporting date. This includes estimating the impact of economic conditions on future profitability.

The factors considered by management in making these judgements and assumptions for the estimates are disclosed in note 12 together with a sensitivity analysis of the deferred tax asset to a change in the estimate of future profitability.

Expected Credit losses (ECL)

The calculation of expected credit losses involves a number of assumptions and assessments. The valuation of expected credit losses is inherently associated with a certain degree of uncertainty. When measuring ECL the Bank uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The IFRS9 engine uses a range of data to calculate the forward looking ECL which includes a macro-economic forecast under a range of economic scenarios. The forecasts and forward-looking information give rise to uncertainties and assumptions.

The below table shows the impact of different macro-economic scenarios on the bank's Residential Property Financing ("RPF") business.

Year	Upside (£'000)	Mild Upside (£'000)	Base (£'000)	Stagnation (£'000)	Downside (£'000)	Severe Downside (£'000)
2024	(1,026)	(750)	(444)	697	1,187	2,112
2023	(770)	(536)	(160)	862	1,344	2,351

(-) sign indicates a release where as (+) sign denotes a charge.

Each scenario is assigned a different weight, the sum of weights are 100%. The weights of the blended ECL as recommend by Oxford Economics are 50% for the base case macroeconomic scenario and 10% for the remaining macroeconomic scenarios.

More details of the sensitivity of the RPF ECL allowance to changes in the macro-economic scenarios used in the calculation are set out in note 33.

Real Estate Finance ("REF") business ECL calculation is based on Monte-Carlo simulation and does not follow the scorecard methodology used for RPF portfolio. Please note that this is a closed portfolio and no new deals are booked in this portfolio. The below table shows the impact on REF total impairment when the overall value of collateral is reduced by 10% and 20%. Year 2023 figures are also included for comparison.

Year	10%	20%
2024	£1.6m	£3.5m
2023	£1.9m	£4.1m

Basis of consolidation

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Bank's financial statements.

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Foreign currencies

The financial statements are presented in sterling, which is the Bank's functional and presentation currency, transactions in foreign currencies are initially recorded at the rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the balance sheet date. Non-monetary assets and liabilities are translated into sterling at the effective historical rate used on the date of initial recognition. Exchange differences arising on the settlements of monetary items and on the retranslation of monetary items are included in the profit or loss for the year.

Financial Instruments

The Bank has applied the accounting policy choice to remain with IAS 39 for fair value hedge accounting.

Notes to the Consolidated Financial Statements
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Measurement categories of financial assets and liabilities

The Bank classifies all financial assets into one of the following categories:

1. Amortised cost;
2. Fair value thorough other comprehensive income (FVOCI); and
3. Fair value though income statement (FVTIS):
   a. mandatory
   b. fair value option.

The starting point for classification of financial assets into respective measurement categories is the business model for managing the financial instruments, as well as whether the instrument's contractual cash flows only constitute solely payments of principal and profit.

Financial liabilities are classified as follows:

1. Amortised cost; and
2. Fair value through income statement (FVTIS):
   a. mandatory
   b. fair value option.

As a general rule, financial liabilities are recognised at amortised cost. The exceptions are the financial liabilities required to be measured at fair value through profit or loss, such as derivatives and liabilities which, upon initial recognition, are irrevocably identified as being measured at fair value (fair value option).

Upon initial recognition, all financial assets and liabilities are measured at fair value. Directly attributable transaction costs are included in the acquisition cost.

All purchases and sales of financial assets are recognised using settlement date accounting. Changes in fair value between the trade date and settlement date are recognised in the consolidated statement of income or in the consolidated statement of comprehensive income in accordance with the policy applicable to the related instrument. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the timeframe generally established by regulations or conventions in the marketplace.

Business model assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel; and
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.

The expected frequency, value and timing of sales are also important aspects of the Bank's assessment.

The Solely Payments of Principal and Profit ("SPPP") test

As a second step of its classification process the Bank assesses the contractual terms of financial assets to identify whether they meet the SPPP test.

Principal is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset. The most significant elements of the profit from a financing arrangement are typically the consideration for the time value of money and credit risk. To make the SPPP assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the profit rate is set.

Financing and advances at amortised cost

Financing and advances at amortised cost include financial assets that are held to collect contractual cash flows that are SPPP. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost less impairment losses.

Financial assets held at fair value through the income statement

Financial assets held at value through income statement include unquoted equity securities. Unquoted equity securities are not held for trading and therefore the Bank has the irrevocable election at initial recognition to classify the instruments as FVTOCI, which has not been taken. This election is available for each separate investment.

Financial assets classified under this caption are carried in the statement of financial position at fair value with net changes in fair value recognised in the income statement.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include quoted Sukuk.

For debt instruments, gains and losses arising from changes in the fair value are recognised in FVTOCI reserve of equity. Upon disposal, the cumulative gain or loss previously recognised in other comprehensive income are recycled to the income statement.

Reclassification of financial instruments

As a general rule, financial assets are not reclassified after initial recognition. Reclassification is permitted in the rare case that the Bank changes the business model it applies for the management of financial asset. The reclassification of financial liabilities is not permitted after initial recognition.

No reclassifications have been made during the period covered in the financial statements.

Offsetting financial assets and liabilities

Financial assets and liabilities are set off on the balance sheet if the Bank has a contractual right to offset, in its operating activities and in the event of bankruptcy, and if the intention is to settle the items on a net basis or to simultaneously liquidate the asset and settle the liability.

Fair Value Hedge Accounting

IFRS 9 includes an accounting policy choice to remain with IAS 39 hedge accounting, which the Bank has exercised. The Bank applies fair value hedge accounting to hedge Profit Rate Swaps ("PRS") which hedge the exposure in fixed rate mortgages in the residential book. Effective 1 January 2023, the Bank has transitioned from micro to macro fair value hedge accounting which is in conformity with IAS 39 carve-out.

At the inception of a hedging relationship, the Bank documents the relationship between the hedging instruments and the hedged items, its risk management objective and its strategy for undertaking the hedge. The Bank also requires a documented assessment, both at hedge inception and on an ongoing basis, of whether or not the hedging instruments that are used in hedging transactions are highly effective in offsetting the changes attributable to the hedged risks in the fair values of the hedged items.

To qualify for hedge accounting, IAS 39 requires that at the inception of the hedge and throughout its life, each hedge must be expected to be highly effective (prospective effectiveness), and demonstrate actual effectiveness (retrospective effectiveness) on an on-going basis; GHB assesses this at inception (prospective effectiveness) and on a monthly basis (retrospective effectiveness). The documentation of each hedging relationship sets out how the effectiveness of the hedge is assessed.

For prospective effectiveness, the hedging instrument must be expected to be highly effective in achieving offsetting changes in fair value attributable to the hedged risk during the period for which the hedge is designated. For actual effectiveness to be achieved, the changes in fair value must offset each other in the range of 80 per cent to 125 per cent, for the hedge to be deemed effective.

The Bank determines hedged items by identifying portfolios of homogenous financing based on their contractual profit rates, maturity and other risk characteristics. Financing within the identified portfolios are allocated to repricing time buckets based on expected, rather than contractual, repricing dates. The hedging instruments are designated appropriately to those repricing time buckets. Hedge

Notes to the Consolidated Financial Statements
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effectiveness is measured on a monthly basis, by comparing fair value movements of the designated proportion of the bucketed loans due to the hedged risk, against the fair value movements of the derivatives, to ensure that they are within an 80% to 125% range.

The aggregated fair value changes in the hedged financing are recognised as an asset in the Fair value hedge accounting adjustment on the face of the Statement of financial position. Should hedge effectiveness testing highlight that movements for a particular bucket fall outside the 80-125% range (i.e., the hedge relationship was ineffective for the period), no fair value hedge accounting adjustment is recorded for that month for that particular bucket. Regardless of the results of the retrospective hedge effectiveness testing, at the end of every month, in order to minimise the ineffectiveness from early repayments and accommodate new exposures, the Bank voluntarily de-designates the hedge relationships and re-designates them as new hedges. At de-designation, the fair value hedge accounting adjustments are amortised on a straight-line basis.

Derivative Financial Instruments

Derivative financial instruments include Shariah-compliant forward foreign exchange agreements based on the principal and commitment to investment securities and PRS instruments.

Derivative financial instruments are recognised initially, and are subsequently re-measured, at fair value. Fair values of PRS instruments are obtained using discounted cash flow models. The valuation of derivative financial instruments held at fair value through the income statement is recognised in the balance sheet under derivative financial instruments on either the asset or liability side of the balance sheet dependent on whether the valuation is positive or negative respectively. The valuation of one class of derivative financial instruments is not offset against the valuation of another class of derivative financial instruments.

ECL measurement

The Bank's financing assets portfolio is split into three asset classes Treasury (placements and Liquid Asset Buffer ("LAB") Sukuk), Real Estate Finance ("REF") and Residential Property Finance Book (Home Purchase Plans ('HPPs') and Buy To Let). ECL is based on a separate estimation of probability of defaults ('PDs'), loss given defaults ('LGDs') and exposures at defaults ('EADs') for each exposure and which are determined based on a combination of internal and external data.

The assets to be tested for impairment are divided into the following three stages:

- Stage 1 comprises financial assets with no significant increase in credit risk since initial recognition.
- Stage 2 comprises financial assets with a significant increase in credit risk since initial recognition, but for which there is no objective evidence that the exposure is credit-impaired at the time of reporting; and
- Stage 3 comprises financial assets for which objective circumstances have been identified indicating that the claim is credit impaired /defaulted. This is in line with the definition of default used for the purpose of the Bank's credit risk management.

In Stage 1, provisions are to be recognised which correspond to the loss expected to occur within 12 months as a result of default. In Stage 2 and Stage 3, provisions are to be recognised corresponding to the loss expected to occur at some time during the whole of the remaining maturity of the asset as a result of default.

The significant increase in credit risk reflects the risk of default and is a measurement by which the agreement's relative change in credit risk is measured. The assessment is made up of three elements: quantitative, qualitative and the 30 days past due 'backstop' indicator whereby clients would move from Stage 1 to Stage 2 for RPF. The major triggers for significant increase in credit risk differ between products:

- REF - Missed-payment (one or two), risk events etc ;
- RPF - Missed-payment (one or two) or forbearance.; and
- Treasury – non-payment.

Quantitative modelling is used in conjunction with internal and external credit grades and ratings in assessing whether credit risk has significantly increased. The Bank monitors the effectiveness of the criteria used to identify significant increase through regular reviews. For each financial asset the Bank also compares the lifetime probability of default (PD) at the reporting date with the lifetime PD that was expected at the reporting date at initial recognition (PD thresholds) in order to identify whether the risk of default has increased significantly.

REF and residential financing portfolios under IFRS 9 consider a financial asset to be in default when either the customer is unlikely to pay its credit obligation, or the customer is more than 90 days past due. Treasury assets are considered to be in default immediately if they are not settled on the due date or when there is evidence that the counterparty is unlikely to pay its credit obligations on the contractual due date.

To supplement the IFRS 9 models, the Bank uses post model adjustments (PMA's) where there are known model / data limitations, or the sensitivity is not as expected. The PMA's take into account risk factors and related credit impacts that have not been captured in the model. All PMA's are approved by the CRO and CFO and agreed at the Bank's risk committee with a plan for remediation.

Forward-looking information

Under IFRS 9, the Bank has incorporated Oxford Economics forward-looking forecasts. The Bank uses UK unemployment rate, residential property price index, BoE policy rate and UK 5-Yr Government Bond Yield for a forward-looking assessment into the IFRS9 model.

Write-offs

Financial assets are written off either partially or in their entirety only when the Bank has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

Investment in subsidiaries (for standalone)

The investments in subsidiary undertakings in the Bank's financial statements are stated at cost less impairment. Investments in subsidiary undertakings are assessed for impairment where there is an indication of impairment. Where impairment exists, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss recognised in the statement of comprehensive income.

IFRS 3 – Optional 'Concentration' test – Asset Acquisition

Effective from 01 January 2020, IFRS 3 introduces an optional 'concentration test' to assess whether substantially all the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets. The purpose of the concentration test is to permit a simplified assessment of whether an acquired set of activities and assets may not be a business. The Bank may elect to apply the concentration test on a transaction-by-transaction basis.

According to paragraph 2(b) of IFRS 3, an entity needs to do the following on acquisition of a group of assets:

(a) Identify and recognise the individual identifiable assets acquired and liabilities assumed; and

(b) Allocate the cost of the group to the individual identifiable assets and liabilities based on their relative FVs at the date of the acquisition.

According to the November 2017 The IFRS Interpretations Committee ("Committee") update, the Committee considered two possible ways of accounting for the acquisition of the group.

Applying the first approach, an entity accounts for the acquisition of a group of assets as follows:

a. it identifies the individual identifiable assets acquired and liabilities assumed that it recognises at the date of the acquisition;

b. it determines the individual transaction price for each identifiable asset and liability by allocating the cost of the group based on the relative fair values of those assets and liabilities at the date of the acquisition; and then

c. it applies the initial measurement requirements in applicable Standards to each identifiable asset acquired and liability assumed. The entity accounts for any difference between the amount at which the asset or liability is initially measured and its individual transaction price applying the relevant requirements.

Applying the second approach, for any identifiable asset or liability initially measured at an amount other than cost, an entity initially measures that asset or liability at the amount specified in the applicable IFRS Standard. The entity deducts from the transaction price of the group of assets the amounts allocated to the assets and liabilities initially measured at an amount other than cost, and then allocates the residual transaction price to the remaining identifiable assets and liabilities based on their relative fair values at the date of the acquisition.

The Bank may apply the first approach to account for the acquisition of an asset or a group of assets provided the criteria for asset acquisition is met using the optional concentration test in IFRS 3.

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Cash and balances with banks

The caption Cash and Balances with Banks represents cash and current account balances with banks, all held in interest-free accounts.

Property, Plant and Equipment

Plant and equipment is stated at cost, which includes direct and incremental acquisition costs less accumulated depreciation and impairment losses if any. Depreciation is provided on a straight-line basis over estimated useful life as follows:

Leasehold Property	Over life of lease
Leasehold Improvements	Minimum of life of lease or 10 years
Leasehold Vehicles	Over life of lease
Property	Over life of lease
Computer Equipment	3 years
Fixtures and Fittings	5 years

Costs include all incremental, directly attributable external costs incurred in bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

An item of property, plant or equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Intangible assets

Intangible assets other than goodwill are accounted for in accordance with IAS 38 Intangible Assets. Intangible assets are initially recognised when they are separable or arise from contractual or other legal rights, the cost can be measured reliably and, in the case of intangible assets not acquired in a business combination, where it is probable that future economic benefits attributable to the assets will flow from their use. Intangible assets are stated at cost (which is, in the case of assets acquired in a business combination, the acquisition date fair value) less accumulated amortisation and provisions for impairment, if any, and are amortised over their useful lives on a straight line basis, in a manner that reflects the pattern to which they contribute to future cash flows, generally using the amortisation periods set out below:

- Goodwill – not amortised;
- Software development costs – 5 years;
- Licence fees – 5 years; and
- Customer lists – 15 years.

Intangible assets are reviewed for impairment when there are indications that impairment may have occurred.

The amortisation share is recorded in depreciation and amortisation.

Goodwill

Goodwill arises on the acquisition of subsidiary and associated entities and represents the excess of the fair value of the acquisition over the identifiable net assets acquired. Goodwill is capitalised and reviewed annually for impairment, or more frequently when there are indications impairment has occurred.

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the acquiree over the fair value of the identifiable net assets recognised. Goodwill is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination.

Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. The recoverable amount is the higher of fair value less cost to sell and value in use. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss is recognised immediately in profit or loss and is not subsequently reversed.

Impairment of non-financial assets

The Bank reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered permanent diminution in value. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects a current market assessment of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than the carrying amount, the asset is written down to its recoverable amount. An impairment loss is recognised as an expense in the income statement.

Income and expenses

Income from financial assets held at amortised cost

"Income from financial assets held at amortised cost" consists of profit derived from Shariah-compliant financing and advances under Murabaha, Diminishing Musharaka agreements and Murabaha placements. A Murabaha arrangement represents an agreement whereby the Bank purchases a commodity and then sells it to a customer on a deferred settlement basis with an agreed mark-up. A Musharaka contract represents an agreement between the Bank and the customer entering into a partnership in the ownership of a specific asset on ongoing basis or for a limited time, during which the Bank enters in particular arrangements with the customer to sell to them its share in this partnership until they become the sole owner of the specific asset (diminishing musharaka).

The calculation of profit on financial assets that are not impaired (Stage 1, Stage 2) is performed by applying the effective profit rate to the gross outstanding amount of asset. Once asset is impaired or classified as Stage 3, the effective profit rate is applied to amortised cost of the asset (i.e. gross amount less the expected credit losses).

Profit receivable on Murabaha placements and Diminishing Musharaka is recognised as income on a time-apportionment basis over the period of the contract, based on applying the effective profit rate to the principal amounts outstanding.

Revenue from contracts with customers

The standard for revenue from contracts with customers, IFRS 15, is applied for different types of services which are mainly recognised under Fees and commission income in the income statement.

The income is recognised at the point in time when the performance obligation is satisfied, which corresponds to the transfer of control over the service to the customer. The total income is divided between each service and recognition in income depends on whether the services are fulfilled at a specific point in time, or over time.

The following principles apply to the time at which income is recognised:

- Income earned gradually as the services are performed, is recognised at the rate these services are delivered, i.e. on a straight-line basis over time. This is due to the fact that the customer receives and consumes the service simultaneously, meaning that the Bank's obligation is fulfilled in line with the rendering of the service.
- Income attributable to a specific service or action is recognised when the service has been performed, i.e. at a specific point in time. Examples of such income are brokerage and payment commissions.

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The income recognised must reflect the anticipated income. When the income includes variable reimbursement, such as refund, bonus or performance-based element, the income is recognised when it is highly probable there that no repayment of the amount will take place. Payments are made on a regular basis as the services are performed and advance payments refer to a maximum of 12 months into the future. Accrued income is recognised for services that have been performed but have not been paid for. Deferred income is recognised for payments received for services which have not been performed.

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Bank shall recognise a contract cost asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- Are directly related to a contract or to an anticipated contract that can be specifically identified by the Bank,
- Generate or enhance resources of the Bank that will be used in satisfying (or in continuing to satisfy) future performance obligations, and
- Are expected to be recovered.

Costs recognised as contract cost asset are amortised on a systematic basis consistently with the transfer of goods or services related to the asset

An impairment of contract cost asset should be recognised whenever the asset's value exceeds the remaining consideration to be received, less past and future unrecognised expenses.

Fees and commissions

Fees and commissions are recognised in line with the satisfaction of performance obligations. This can be either at a point in time or over time, in line of the provision of the service to the customer. Fees and commissions arising from transactions for third parties, such as the acquisition of securities or the purchase or sale of other assets, are recognised when right to receive the income has been established. Management advisory and service fees are recognised based on applicable service contracts or over the period the service is provided.

Charges to financial institutions and customers

"Charges to financial institutions and customers" consists of profit payable from Shariah-compliant deposits including Murabaha deposits and Wakala arrangements. A Wakala arrangement represents an agreement whereby the Bank accepts a deposit of funds on behalf of a customer to perform an investment activity and endeavours to pay a return based on a pre agreed rate.

Profit payable on Murabaha deposits and Wakala arrangements is recognised as income on a time-apportionment basis over the period of the contract, based on the principal amounts outstanding.

Share-based payments

The Bank accounts for its share-option scheme in accordance with IFRS 2. At each balance sheet date, the Bank revises its estimate of the number of equity options expected to vest.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Bank's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in shareholders' equity, in which case it is recognised in shareholders' equity.

Current tax is provided on taxable profits at the current rate.

Deferred tax is provided in full using the liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised.

The Bank has recognised deferred tax asset amounting to £7,427K at 31 December 2024 (2023: £5,260k). Deferred tax assets are recognised in respect of tax losses to the extent that is probable that future taxable profit will be available against which the tax losses can be utilised.

IFRS 16 – Leases

IFRS 16 introduced a new definition for leases and confirmed the distinction between two types of leases (operating and finance) with reference to the accounting treatment to be applied by the lessor.

With reference to the accounting treatment to be applied by the lessee, the accounting standard sets, for all the leasing typologies, the recognition of right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments.

At the initial recognition such asset is measured on the basis of the lease contract cash flows. After the initial recognition the right of use is measured on the basis of the rules set for the assets by IAS 16 and IAS 38 and therefore applying the cost model, less any accumulated depreciation and any accumulated impairment losses.

The Bank decided, as allowed by the standard, not to apply IFRS 16 provisions to:

- Leases of intangible assets;
- Short-term leases, lower than 12 months; and
- Low value assets leases.

In order to calculate the lease liability and the related right-of-use asset, the Bank proceeds with discounting the future lease payments at a proper discount rate. In this respect, future lease payments to discount are determined based on contractual provisions.

The lease payments are discounted at the interest rate implicit in the contract or, if it is not available, at the incremental borrowing rate. The latter is determined on the basis of the cost funding for liabilities of similar duration and similar security of those implicit in the lease contract.

In determining the lease term, the Bank takes into consideration the non-cancellable period established in the contract, in which the lessee is entitled to use the underlying asset also taking into account potential renewal options if the lessee is reasonably certain to renew. In particular, with regards to those contracts that allow the lessee to tacitly renew the lease contract after a first set of years, the lease term is determined taking into account factors such as the length of the first period, the existence of dismissal plans for the asset leased and any other circumstance indicating the reasonable certainty of the renewal.

Right-of-use assets are disclosed within property, plant and equipment in the consolidated statement of financial position, lease liabilities are disclosed within other liabilities in the consolidated statement of financial position. Finance cost is disclosed within other operating expenses and similar changes in the consolidated income statement, depreciation of right-of-use assets is disclosed within depreciation and amortisation in the consolidated income statement. Cash outflow for lease liabilities is disclosed within cash flows from financing activities in the consolidated statement of cash flows.

The lease term for the Group's right of use asset is 5 years. There are no future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities. This asset has been assessed for impairment under IAS 36. The carrying amount of the right of use of assets remains above the recoverable amount of right of use of assets and no impairment has occurred in the year ended 31 December 2024.

Pension costs

The Bank operates a defined contribution pension scheme for all staff. The cost of the scheme is equal to the contributions payable to the scheme for the accounting period and is recognised within "Staff costs" in the income statement. The Bank has no further obligation once the contributions have been paid.

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4. Income from financial assets held at amortised cost

	2024	2023
	£'000s	£'000s
Income from financing arrangements	64,388	53,645
Income from financial institutions	2,444	2,100
	66,832	**55,745**

5. Foreign exchange losses

	2024	2023
	£'000	£'000
Net (losses)/gains on translation of derivative financial instruments	(1,370)	71
Net (losses)/gains on translation of balances denominated in foreign currency	1,507	(52)
Net loss in foreign exchange	**137**	**19**

6. Net gains on financial assets at fair value through income statement

	2024	2023
	£'000s	£'000s
Profit income of financing assets	-	2
Dividend income	659	845
Hedge ineffectiveness	(341)	1,083
Realised gain on sale of unquoted equity securities	678	-
Net revaluation on unquoted equity securities	1,291	22
	2,287	**1,952**

7. Staff costs, Directors' emoluments and number of employees

	2024 £'000s	2023 £'000s
Directors' costs		
Directors' salaries and fees	2,736	2,121
Directors' pensions	149	103
	2,885	**2,224**
Staff costs		
Staff salaries	13,911	14,228
Staff pension contributions	751	700
Social security costs	1,874	1,821
Other staff costs	1,590	1,670
	21,011	**20,643**

Highest paid Director		
Emoluments	812	705
Defined Contribution Pension	44	35
	856	**740**

	2024 No.	2023 No.
Number of employees at year end	308	300
Average number of employees	304	300

The average number of persons employed by the Group during the period, including Non-Executive Directors, is disclosed as below:

Function	**2024**	**2023**
General Management	15	15
Operations	80	82
Specialist Functions	109	95
Subsidiaries	104	108
Total average	**308**	**300**

The number of directors for whom retirement benefits are accruing under defined contribution schemes is 4 (2023: 5).

Notes to the Consolidated Financial Statements
(Continued)

In July 2017 the Bank adopted the Gatehouse Long-Term Incentive Plan (LTIP) for the purposes of granting options to eligible employees to incentivise and reward the delivery of the Bank's long-term strategy and growth over a sustained period. The options provide a conditional right to exercise the acquisition of a specified number of ordinary shares in Gatehouse Bank plc subject to an exit event occurring which includes the acquisition of more than 50% ordinary shares of the Bank or a successful completion of an initial public offering (IPO). The exercise price is set at £0.01p per share. The option period is the period beginning on the date on which the option first becomes exercisable and ending on the tenth anniversary of the date of grant. The weighted average remaining contractual life for options outstanding as at end of 2024 is 4.6 years (2023: 5.6 years).

In 2024 there is no new issued numbers of options (2023: £70m). There were no options lapsed in 2024 (2023: nil). As a result, the total number of options in issue are 511,000,000 as at 2024 (2023: 511,000,000). In consideration of the conditional right to acquire ordinary shares of the Bank, the value of outstanding option is deemed nil as at 2024 (2023: nil) therefore no expense has been recorded during both periods.

The number of directors who had options received under LTIP is 3 (2023: 3). No options have been exercised during 2024 and 2023.

8. Other operating expenses

	2024	2023
	£'000s	£'000s
Occupancy Costs	967	1,012
IT and communication costs	1,778	1,784
Legal and professional fees	1,679	2,504
Travel and accommodation	2,005	626
Consultancy	265	268
Advertising and marketing	636	689
Other tax payable	552	510
Shariah Supervisory Board fees	50	65
Other operating charges	1,631	1,546
	9,563	**9,004**

9. Impairment release / (charge)

	2024	2023
	£'000s	£'000s
Release / (charge) of expected credit losses	192	(847)
	192	**(847)**

10. Other Income

	2024	2023
	£'000s	£'000s
Other (loss) / income	-	(231)
	-	**(231)**

11. Profit/(Loss) before tax

	2024	2023
Profit before tax is stated after charging:	£'000s	£'000s
Net foreign exchange gains / (losses)	137	19
Auditor's remuneration	443	476
Rentals paid under leases	698	701
Depreciation and amortisation	1,313	1,302

	2024	2023
Auditor's remuneration can be analysed as follows:	£'000s	£'000s
Audit of accounts	428	464
Other services:		
Other audit-related services	15	12
	443	**476**

Notes to the Consolidated Financial Statements
(Continued)

12. Taxation

	2024 £'000s	2023 £'000s
Analysis of tax charge for the period		
Current tax		
UK Corporation tax based on the profit for the year	-	-
Other corporation tax – Gatehouse Investment Management Limited	(925)	(16)
Other corporation tax – Ascend Estates Limited	(790)	(715)
Total current tax charge	**(1,715)**	**(731)**
Deferred tax		
Tax losses	**2,167**	**735**
Effect on changes in tax rates	-	-
Tax credit on profits on ordinary activities	452	4

The standard rate of corporation tax applied to reported profit is 25% (2023: 23.5%). Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The Finance Act 2021 increases the main rate of corporate tax to 25% with effect from 1 April 2023. As at 31 December 2024, deferred tax asset was valued based on 25% corporation tax rate.

At the statement of financial position date, the Bank has unused tax losses of £48,150k (2023: £45,165k) available for offset against future profits. Deferred tax asset is recognised for unused tax losses to the extent it is probable there will be sufficient future taxable profits against which the losses can be used. It requires significant judgements to be made about the projection of long-term future profitability and the period over which recovery extends. The Bank has selected a 10-year horizon for the recognition period. A deferred tax asset has been recognised on losses of £29,707k and £20,895k in 2024 and 2023, respectively. As at 31 December 2024 and 31 December 2023, no deferred tax asset has been recognised in respect of the remaining £18,443k and £24,270k, respectively, of losses and £3,108k and £3,332k, respectively, of other temporary differences at the statement of financial position date due to limited certainty with respect to forecasting profits over extended future periods.

In assessing future profitability, the management considered a range of positive and negative evidence for this purpose. The principal positive evidences and factors include:

- The absence of any expiry dates for UK tax losses.
- The ability to generate future profits through continued growth of profit generating assets.

Against this, there are a number of uncertainties inherent in any long-term financial assumptions and projections and other negative evidence, including:

- Incurred an accumulated pre-tax loss of £49.3 million in previous years.
- Political uncertainty and potential risk of further taxation of UK BTL market.
- Difficulty of predicting future revenues accurately.

Notes to the Consolidated Financial Statements
(Continued)

Sensitivity of the deferred tax asset to changes in assumptions:

Determining the value of the deferred tax asset relies on making judgments about when it will be recoverable and estimating future income. If future earnings deviate from current forecasts, adjustments may be necessary, potentially impacting the income statement significantly in the coming years. The sensitivity of the deferred tax asset on unutilised tax losses due to changes in forecasts and assumptions was considered.

Impact of change in assumptions:

Profit forecast: On DTA balance as at 31 December 2024, if the profitability forecast for 2025 – 2029 was assumed to be 10% lower than projected, the deferred tax asset balance would decrease by £194k to £7.23m. On DTA balance as at 31 December 2023, if the profitability forecast for 2024 – 2028 was assumed to be 10% lower than projected, the deferred tax asset balance would decrease by £49k to £5.21m.

Profit growth: For standalone GHB profits, 2% increase in profits is projected starting from 2030. If this assumption was changed to 1% growth for all years from 2030 to 2034 while maintaining a 10-year horizon, the deferred tax asset balance on 31 December 2024 would decrease by £66k to £7.36m.

For standalone GHB profits, 2% increase in profits is projected starting from 2029. If this assumption was changed to 1% growth for all years from 2029 to 2033 while maintaining a 10-year horizon, the deferred tax asset balance on 31 December 2023 would decrease by £10k to £5.25m.

The tax credit in the income statement for the period was £488k (2023: £4k). The tax credit can be reconciled to the profit per the income statement as follows:

	2024	2023
	£'000s	£'000s
Profit before tax from continuing operations	3,348	3,153
	3,348	**3,153**

Tax at the UK corporation tax rate of 25% (2023:23.5%)	837	741
Effects of:		
Results from associates and subsidiaries	(18)	58
Expenses not deductible for tax purposes	107	134
Income not taxable for tax purposes	(1)	(1)
Other permanent differences	9	(10)
Effect of changes in tax rate	-	(1)
Recognition of previously unrecognised tax losses	(1,386)	(925)
Tax (credit)/charge in the consolidated income statement	**(452)**	**(4)**

13. Profit Rate Swap

The Bank undertakes Shariah compliant derivatives, profit rate swaps ("PRS") to hedge the exposure in fixed rate financing in the residential book.

At the inception of the hedge there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge. The hedge is expected to be highly effective in achieving offsetting changes in fair value attributable to the hedged risk, consistently with the originally documented risk management strategy for that particular hedging relationship. The effectiveness of the hedge can be reliably measured, i.e. the fair value of the hedged item that are attributable to the hedged risk and the fair value of the hedging instrument can be reliably measured. The hedge is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated.

Hedge ineffectiveness for the Bank's PRS can be explained by:

- Floating leg of the PRS will have a value on any day other than the reset date. The floating leg only exists in the hedging instrument and not the hedged item so ineffectiveness will result;
- Prepayments of the hedged items will cause an over-hedged position and ineffectiveness will result; and
- Maturity dates of the hedged items and the hedging instruments differ so ineffectiveness will result.

The table below show the fair values of financial instruments designated for hedging, recorded as assets or liabilities, together with their notional amounts:

Group and Company	**2024**	**2023**
	£'000s	**£'000s**
Notional Principal	**403,000**	**415,000**
Fair value adjustment to hedged item	29,381	28,904
Accrued profit of hedged item	1,425	2,087
Carrying Value of hedged item	**30,805**	**30,991**
Fair value adjustment to hedging instrument	(27,138)	(26,320)
Carrying Value of hedging instrument	**(27,138)**	**(26,320)**
Net Profit Rate Swaps Fair Value Hedges	2,243	2,584
Net Profit Rate Swaps Accrued profit	1,425	2,087
Net carrying Value of hedged item and hedging instrument	**3,667**	**4,671**

Notes to the Consolidated Financial Statements
(Continued)

The line item in the Statement of Financial Position that includes the hedging instrument is 'Derivative Financial Instruments' and the line item that includes the hedged item is 'Financing and advances at amortised cost'.

For actual hedge effectiveness to be achieved, the changes in fair values of hedging instrument and the hedged item must offset each other in the range of 80 per cent to 125 per cent, for the hedge to be deemed highly effective. Effectiveness is driven by (i) Maturity dates of the hedged items and the hedging instruments differ (ii) Payment frequencies/ payment dates differing between the hedged item and hedging instrument (iii) The floating leg only exists in the hedging instrument and not hedged item.

The hedge ineffectiveness recognised in the income statement for the year 2024 is £341k loss (2023: £1,083k gain).

The below table sets out the outcome of the Bank's hedging strategy, in particular, to changes in the fair value of the hedged items and hedging instruments in the current year and the comparative year, used as the basis for recognising ineffectiveness. The hedge ineffectiveness is recognised as part of 'Net gains on financial assets at fair value through income statement' line as disclosed in note 6.

		2024			2023		
		Gains/(losses) attributable to the hedged risk			Gains/(losses) attributable to the hedged risk		
Hedged Items	Hedging Instrument	Hedged Items	Hedging Instrument	Hedge Effectiveness	Hedged Items	Hedging Instrument	Hedge Effectiveness
Fixed rate mortgages	Profit rate swaps	3,296	(3,636)	(90.62) %	16,662	(15,579)	(106.95) %

14. Company profits attributable to equity shareholders of the Bank

£2,725k of the company profit for the financial year (2023: £3,353K profit) has been presented in the accounts of the Bank.

As permitted by section 408 of the Companies Act 2006, a separate profit and loss account of the Bank has not been presented.

15. Financing and advances at amortised cost

Financing and advances to customers, corporates and financial institutions are held at amortised cost.

That is, the initial fair value (which is normally the amount advanced or financed) is adjusted for repayments and fees to represent the effective finance rate of the asset.

Group	Avg. Yield	2024	Avg. Yield	2023
		£'000s		£'000s
Gross financing and advances at amortised cost		1,332,708		1,367,974
Less: allowances for impairment		(9,820)		(10,171)
Financing and advances at amortised cost	5.10%	**1,322,888**	4.69%	**1,357,803**

Company	Avg. Yield	2024	Avg. Yield	2023
		£'000s		£'000s
Gross financing and advances at amortised cost		1,332,708		1,367,974
Less: allowances for impairment		(9,820)		(10,171)
Financing and advances at amortised cost	5.10%	**1,322,888**	4.69%	**1,357,803**

Exposure on financing and advances at amortised cost subject to impairment testing:

Financing and advances at amortised cost 2024	**Stage 1 12m ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
	£'000s	**£'000s**	**£'000s**	**£'000s**
Gross carrying value	1,162,210	91,462	79,036	**1,332,708**
Loss allowance	(790)	(497)	(8,533)	**(9,820)**
Carrying value under IFRS 9	**1,161,420**	**90,965**	**70,503**	**1,322,888**

Financing and advances at amortised cost 2023	**Stage 1 12m ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
	£'000s	**£'000s**	**£'000s**	**£'000s**
Gross carrying value	1,193,565	116,814	57,595	**1,367,974**
Loss allowance	(1,279)	(1,254)	(7,638)	**(10,171)**
Carrying value under IFRS 9	**1,192,286**	**115,560**	**49,957**	**1,357,803**

Notes to the Consolidated Financial Statements

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Change in expected credit losses on financing and advances at amortised cost:

Financing and advances at amortised cost 2024	**Stage 1 12m ECL £'000s**	**Stage 2 Lifetime ECL £'000s**	**Stage 3 Lifetime ECL £'000s**	**Total £'000s**
Loss allowance as at 1 January 2024	(1,279)	(1,254)	(7,638)	**(10,171)**
Transfers				
Transfer from stage 1 to stage 2	120	(120)	-	**-**
Transfer from stage 1 to stage 3	166	-	(166)	**-**
Transfer from stage 2 to stage 1	(109)	109	-	**-**
Transfer from stage 2 to stage 3	-	542	(542)	**-**
Transfer from stage 3 to stage 1	-	-	-	**-**
Transfer from stage 3 to stage 2	-	(21)	21	**-**
Changes in PD's/ LGD's / EAD's	312	247	(359)	**200**
Others	-	-	151	**151**
Loss allowance as at 31 December 2024	**(790)**	**(497)**	**(8,533)**	**(9,820)**

Financing and advances at amortised cost 2023	**Stage 1 12m ECL £'000s**	**Stage 2 Lifetime ECL £'000s**	**Stage 3 Lifetime ECL £'000s**	**Total £'000s**
Loss allowance as at 1 January 2023	(3,108)	(5,586)	(632)	**(9,326)**
Transfers				
Transfer from stage 1 to stage 2	1,176	(1,176)	-	**-**
Transfer from stage 1 to stage 3	23	-	(23)	**-**
Transfer from stage 2 to stage 1	(910)	910	-	**-**
Transfer from stage 2 to stage 3	-	5,275	(5,275)	**-**
Transfer from stage 3 to stage 1	-	-	-	**-**
Transfer from stage 3 to stage 2	-	(13)	13	**-**
Changes in PD's/ LGD's / EAD's	1,540	(664)	(1,721)	**(845)**
Loss allowance as at 31 December 2023	**(1,279)**	**(1,254)**	**(7,638)**	**(10,171)**

Change in gross carrying amount of financing and advances at amortised cost:

Financing and advances at amortised cost 2024	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	£'000s	**£'000s**	**£'000s**	**£'000s**
Gross carrying amount as at 1 January 2024	1,193,565	116,814	57,595	**1,367,974**
Transfers				
Transfer from stage 1 to stage 2	(47,817)	47,817	-	**-**
Transfer from stage 1 to stage 3	(17,689)	-	17,689	**-**
Transfer from stage 2 to stage 1	49,888	(49,888)	-	**-**
Transfer from stage 2 to stage 3	-	(11,675)	11,675	**-**
Transfer from stage 3 to stage 1	502	-	(502)	**-**
Transfer from stage 3 to stage 2	-	1,087	(1,087)	**-**
Net new financing/payments	(16,239)	(12,693)	(6,183)	**(35,115)**
Others	-	-	(151)	**(151)**
Gross carrying amount as at 31 December 2024	**1,162,210**	**91,462**	**79,036**	**1,332,708**

Financing and advances at amortised cost 2023	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	£'000s	**£'000s**	**£'000s**	**£'000s**
Gross carrying amount as at 1 January 2023	1,113,761	106,426	17,035	**1,237,222**
Transfers				
Transfer from stage 1 to stage 2	(51,033)	51,033	-	**-**
Transfer from stage 1 to stage 3	(27,770)	-	27,770	**-**
Transfer from stage 2 to stage 1	44,324	(44,324)	-	**-**
Transfer from stage 2 to stage 3	-	(13,486)	13,486	**-**
Transfer from stage 3 to stage 1	-	-	-	**-**
Transfer from stage 3 to stage 2	-	315	(315)	**-**
Net new financing/payments	114,283	16,850	(381)	**130,752**
Gross carrying amount as at 31 December 2023	**1,193,565**	**116,814**	**57,595**	**1,367,974**

Notes to the Consolidated Financial Statements
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16. Financial assets held at fair value though the income statement

Group	Avg. Yield	2024	Avg. Yield	2023
		£'000s		£'000s
Unquoted equity securities		8,228		18,278
	0%	**8,228**	0%	**18,278**

Company	Avg. Yield	2024	Avg. Yield	2023
		£'000s		£'000s
Unquoted equity securities		7,286		18,278
	0%	**7,286**	0%	**18,278**

17. Financial assets at fair value through other comprehensive income

Group and Company	Avg. Yield	2024	Avg. Yield	2023
		£'000s		£'000s
Quoted Sukuk		28,282		19,512
	2.23%	**28,282**	1.10%	**19,512**

Exposure on financial assets at fair value through other comprehensive income subject to impairment testing.

Financial assets at fair value through other comprehensive income – Debt assets 2024	Stage 1 12m ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	£'000s	£'000s	£'000s	£'000s
Gross carrying value	28,294	-	-	**28,294**
Loss allowance	(12)	-	-	**(12)**
Carrying value under IFRS 9	**28,282**	**-**	**-**	**28,282**

Financial assets at fair value through other comprehensive income – Debt assets 2023	Stage 1 12m ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	£'000s	£'000s	£'000s	£'000s
Gross carrying value	19,516	-	-	**19,516**
Loss allowance	(4)	-	-	**(4)**
Carrying value under IFRS 9	**19,512**	**-**	**-**	**19,512**

Notes to the Consolidated Financial Statements
(Continued)

Change in expected credit losses on financial assets at fair value through other comprehensive income:

Financial assets at fair value through other comprehensive income – Debt assets 2024	Stage 1 12m ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	£'000s	£'000s	£'000s	£'000s
Loss allowance as at 1 January 2024	(4)	-	-	**(4)**
New financial assets originated or purchased	(8)	-	-	**(8)**
Changes in PD's/ LGD's / EAD's	-	-	-	**-**
FX and other movements	-	-	-	**-**
Loss allowance as at 31 December 2024	**(12)**	**-**	**-**	**(12)**

Financial assets at fair value through other comprehensive income – Debt assets 2023	Stage 1 12m ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	£'000s	£'000s	£'000s	£'000s
Loss allowance as at 1 January 2023	(3)	-	-	**(3)**
New financial assets originated or purchased	(1)	-	-	**(1)**
Changes in PD's/ LGD's / EAD's	-	-	-	**-**
FX and other movements	-	-	-	**-**
Loss allowance as at 31 December 2023	**(4)**	**-**	**-**	**(4)**

18. Investment in Subsidiaries

Information about the composition of the Group at the end of the reporting period is as follows:

The subsidiary undertakings on 31st December 2024					
Subsidiary name	**Year end**	**Nature of business**	**Place of incorporation**	**Registered address**	**Class of shares**
Directly held					
Gatehouse Build to Rent Group Limited	31 December 2024	Holding Company	England and Wales	The Helicon, One South Place, London, United Kingdom, EC2M 2RB	100% ordinary shares
Indirectly held					
Ascend Estates Limited	31 December 2024	Management of real estate	England and Wales	Stafford Court, 145 Washway Road, Sale, England, M33 7PE	100% ordinary shares
Gatehouse Investment Management Limited	31 December 2024	Real Estate Investment Advisory	England and Wales	The Helicon, One South Place, London, United Kingdom, EC2M 2RB	100% ordinary shares

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The opportunity was identified to combine Ascend and the Bank's build-to-rent (BTR) arm under one branded entity, with a view to adding future value within a fast-growing sector of the UK real estate market. As a result of this initiative, Gatehouse Build to Rent Group Limited ('GBTRG') and its wholly owned subsidiary Gatehouse Investment Management Limited ('GIM') were established and the BTR business was transferred to GIM in April 2023. Subsequently, the Bank transferred its entire holding in Ascend to GBTRG. The Group has accounted the restructuring transaction under common control under book-value method of accounting.

Silver Noisy Sarl, a previously 100% owned subsidiary by the Bank, has been liquidated in 2023.

The recoverable amount of this investment in subsidiary as a cash-generating unit (CGU) is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a year period. The discount rate applied to the cash flow projections is 13.3%. The growth rate used to extrapolate the cash flows of the unit beyond a year period is 2%.

The calculation of the value in use for the unit is most sensitive to the following assumptions:

- Forecast growth rate. This rate is in line with the economic and fiscal outlook for the UK economy from 2025-2029.
- Earnings before income tax, depreciation and amortization (EBITDA). EBITDA forecast is based on historical experience of operating margins, adjusted for the impact for any potential adverse market movement.
- Discount rate. This represents the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and pertinent risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Bank and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the company's investors. Although cost of debt is not part of permanent capital structure of the company, this portion was derived by taking into account pertinent risk-free rate of a government bond which will be repaid at maturity.

The movement of the Goodwill during the year is provided below:

Goodwill £'000s	2024	2023
Cost		
At 1 January	4,242	4,242
Impairment		
Impairment loss recognised in the year ended 31 December	-	-
Acquisitions during the year		
Intangible assets recognised in the year ended 31 December	-	-
Carrying amount		
At 31 December	**4,242**	**4,242**

For the year ending 2024 the company has assessed that GIM and GBTRG qualify for exemption from audit under section 477 of the Companies Act 2006 relating to small companies. Based on the projected position and performance of GIM and GBTRG (i.e. company only) as at 31 December 2024, both subsidiaries have met at least 2 of the conditions for claiming audit exemption. Therefore, the management has elected to prepare and file an abridged versions of financial statements for GIM and GBTRG with the Companies House.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

19. Disclosure of interests in other entities

The Bank has investments in a number of special purpose vehicles (SPVs) that have an interest in UK property. The Bank provides investment advisory services in relation to the investments. The investment SPVs have two classes of equity: management shares which carry voting rights; and participating shares which represent economic interests in the SPVs. None of the SPVs are consolidated by the Bank as the Bank holds only a small percentage of the participating shares and acts as agent in its capacity as investment advisor for the SPVs. Typically, the Bank receives a fixed annual advisory fee for its services which is not linked to the performance of the SPV and a performance fee of 20% of profits achieved over a specified rate of return.

None of the SPVs are consolidated by the Bank as the Bank holds only a small percentage of the participating shares and has no involvement in the management or control of the SPVs.

The Bank's gross investment in property SPVs is £8,228k (2023: £ 18,278k) which is included in financial assets held at fair value through the income statement. The Bank has also provided funding through fixed term Murabaha contracts as bridge financing to these SPVs. The Bank's maximum loss relating to these SPVs is equal to the exposure in the SPVs. The primary risk to which the Bank is exposed is the risk of changes in the valuation of the Bank's investment in the SPV due to changes in the valuation of the property held by each SPV or changes in the cash flows generated by the property.

20. Derivative financial instruments

	Assets £'000s	Liabilities £'000s	Notional amount £'000s
2024			
Maturing in 0-3 months	31,054	(38,150)	429,212
Maturing in 3-6 months	-	-	-
	31,054	**(38,150)**	**429,212**
2023			
Maturing in 0-3 months	33,032	(44,010)	434,713
Maturing in 3-6 months	-	-	-
	33,032	**(44,010)**	**434,713**

The Bank uses foreign currency agreements for matching currency exposure. The Bank also uses derivatives to prudently manage its profit rate risk, which allows the Bank to hedge against risks arising from deposits of certain short-term maturities and longer-term financing.

Notes to the Consolidated Financial Statements
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21. Intangible assets

Group	Customer list	Software costs and licence fees	Total
	£'000s	£'000s	£'000s
Cost			
At 1 January 2024	686	5,321	**6,007**
Additions	-	1,057	**1,057**
Transfer	-	67	**67**
At 31 December 2024	**686**	**6,445**	**7,131**
Depreciation			
At 1 January 2024	189	3,939	**4,128**
Charge for the period	46	515	**561**
Transfer	-	40	**40**
At 31 December 2024	**235**	**4,494**	**4,729**
Net book value			
At 1 January 2024	497	1,382	**1,879**
At 31 December 2024	**451**	**1,951**	**2,402**

Group	Customer list	Software costs and licence fees	Total
	£'000s	£'000s	£'000s
Cost			
At 1 January 2023	686	4,698	**5,384**
Additions	-	623	**623**
Disposals	-	-	**-**
At 31 December 2023	**686**	**5,321**	**6,007**
Depreciation			
At 1 January 2023	142	3,431	**3,573**
Charge for the period	47	508	**555**
Write-off on disposals	-	-	**-**
At 31 December 2023	**189**	**3,939**	**4,128**
Net book value			
At 1 January 2023	544	1,267	**1,811**
At 31 December 2023	**497**	**1,382**	**1,879**

Company

Software costs and licence fees	2024	2023
	£'000s	£'000s
Cost		
At 1 January	5,321	4,698
Additions	1,124	623
At 31 December	**6,445**	**5,321**
Amortisation		
At 1 January	3,939	3,431
Charge for the period	555	508
At 31 December	**4,494**	**3,939**
Net book value		
At 1 January	**1,382**	**1,267**
At 31 December	**1,951**	**1,382**

Notes to the Consolidated Financial Statements
(Continued)

22. Property, plant, and equipment

Group	Leasehold property £'000s	Leasehold vehicles £'000s	Computer equipment £'000s	Fixtures and fittings £'000s	Leasehold improvements £'000s	Total £'000s
Cost						
At 1 January 2024	2,926	459	1,310	284	244	**5,223**
Additions	36	447	76	38	-	**597**
Disposals	(31)	-	(66)	-	-	**(97)**
At 31 December 2024	**2,931**	**906**	**1,320**	**322**	**244**	**5,723**
Depreciation						
At 1 January 2024	2,100	381	1,150	224	213	**4,068**
Charge for the period	445	160	95	26	26	**752**
Write-off on disposals	-	-	(42)	-	-	**(42)**
At 31 December 2024	**2,545**	**541**	**1,203**	**250**	**239**	**4,778**
Net book value						
At 1 January 2024	826	78	160	60	31	**1,155**
At 31 December 2024	**386**	**365**	**117**	**72**	**5**	**945**

Group	Leasehold property £'000s	Leasehold vehicles £'000s	Computer equipment £'000s	Fixtures and fittings £'000s	Leasehold improvements £'000s	Total £'000s
Cost						
At 1 January 2023	2,635	440	1,190	278	264	**4,807**
Additions	291	19	120	6	-	**436**
Disposals	-	-	-	-	(20)	**(20)**
At 31 December 2023	**2,926**	**459**	**1,310**	**284**	**244**	**5,223**
Depreciation						
At 1 January 2023	1,548	317	1,057	200	199	**3,321**
Charge for the period	552	64	93	24	14	**747**
Write-off on disposals	-	-	-	-	-	**-**
At 31 December 2023	**2,100**	**381**	**1,150**	**224**	**213**	**4,068**
Net book value						
At 1 January 2023	1,087	123	133	78	65	**1,486**
At 31 December 2023	**826**	**78**	**160**	**60**	**31**	**1,155**

Company	Leasehold property	Computer equipment	Fixtures and fittings	Leasehold improvements	Total
	£'000s	£'000s	£'000s	£'000s	£'000s
Cost					
At 1 January 2024	1,766	1,132	15	244	**3,157**
Additions	-	53	14	-	**67**
Disposals	(13)	-	-	-	**(13)**
At 31 December 2024	**1,753**	**1,185**	**29**	**244**	**3,211**
Depreciation					
At 1 January 2024	1,361	1,053	10	214	**2,638**
Charge for the period	292	54	4	25	**375**
Write-off on disposals	-	-	-	-	**-**
At 31 December 2024	**1,653**	**1,107**	**14**	**239**	**3013**
Net book value					
At 1 January 2024	405	79	5	30	519
At 31 December 2024	**100**	**78**	**15**	**5**	**198**

Company	Leasehold property	Computer equipment	Fixtures and fittings	Leasehold improvements	Total
	£'000s	£'000s	£'000s	£'000s	£'000s
Cost					
At 1 January 2023	1,529	1,102	15	244	**2,890**
Additions	237	30	-	-	**267**
Disposals	-	-	-	-	**-**
At 31 December 2023	**1,766**	**1,132**	**15**	**244**	**3,157**
Depreciation					
At 1 January 2023	1,034	990	7	185	**2,216**
Charge for the period	327	63	3	29	**422**
Write-off on disposals	-	-	-	-	**-**
At 31 December 2023	**1,361**	**1,053**	**10**	**214**	**2,638**
Net book value					
At 1 January 2023	495	112	8	59	674
At 31 December 2023	**405**	**79**	**5**	**30**	**519**

Notes to the Consolidated Financial Statements

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23. Leases

Right of use assets

The Group's leased assets including buildings, vehicles and computer equipment as at 31 December 2024:

Group	Leasehold property	Leasehold Vehicles	Total
	£'000s	£'000s	£'000s
At 1 January 2024	826	78	**904**
Additions	35	451	**486**
Depreciation charge for the year	(476)	(189)	**(665)**
At 31 December 2024	**385**	**340**	**725**

The Group's leased assets including buildings, vehicles and computer equipment as at 31 December 2023:

Group	Leasehold property	Leasehold Vehicles	Total
	£'000s	£'000s	£'000s
At 1 January 2023	1,087	123	**1,210**
Additions	291	19	**310**
Depreciation charge for the year	(552)	(64)	**(616)**
At 31 December 2023	**826**	**78**	**904**

The Company's leased assets including buildings for its office spaces:

Company	Leasehold property 2024	Leasehold property 2023
	£'000s	£'000s
At 1 January	405	495
Additions	0	237
Depreciation charge for the year	(304)	(327)
At 31 December	**101**	**405**

Lease liabilities

Contractual undiscounted cash flows:

Group	2024 £'000s	2023 £'000s
Less than one year	359	619
One to five years	440	466
More than five years	-	-
	799	**1,085**

Company	2024 £'000s	2023 £'000s
Less than one year	64	402
One to five years	52	116
	116	**518**

Amounts recognised in the income statement:

Group	2024 £'000s	2023 £'000s
Expense on lease liabilities	47	64
Expenses relating to short-term leases	-	-
Expenses relating to leases of low value assets, excluding short-term leases of low value items	-	-
	47	**64**

Amounts recognised in the statement of cash flows:

Group	2024 £'000s	2023 £'000s
Cash outflow for leases	(698)	(701)
	(698)	**(701)**

Company	2024 £'000s	2023 £'000s
Cash outflow for leases	(401)	(401)
	(401)	**(401)**

Notes to the Consolidated Financial Statements
(Continued)

24. Other assets

Group	2024	2023
	£'000s	£'000s
Prepayments	1,365	1,185
ColCap Financial UK	23	-
Contract cost asset	756	-
Accrued income receivable	368	203
Other debtors	6,345	2,628
	8,857	**4,016**

Company	2024	2023
	£'000s	£'000s
Intercompany receivable	1,935	1,959
Prepayments	1,271	1,108
ColCap Financial UK	23	-
Contract cost asset	756	-
Accrued income receivable	368	203
Other debtors	2,991	419
	7,344	**3,689**

Certain cost to fulfil a contract has been recognised as contract cost asset in December 2024. No amortisation expense has been recognised in 2024.

25. Financial liabilities measured at amortised cost

Group	Avg. Yield	£'000s
Financial liabilities measured at amortised cost at 1 January 2024	4.72%	1,316,609
Net outflow to financial institutions and customers		(26,905)
Net decrease in profit payable		(727)
Financial liabilities measured at amortised cost at 31 December 2024	4.74%	**1,288,977**

Group	Avg. Yield	£'000s
Financial liabilities measured at amortised cost at 1 January 2023	2.82%	1,168,585
Net proceeds from financial institutions and customers		138,770
Net increase in profit payable		9,254
Financial liabilities measured at amortised cost at 31 December 2023	4.72%	**1,316,609**

The total accrued profit for financial liabilities at amortised cost during 2024 is £51,091k (2023: £32,736k).

Company	Avg. Yield	£'000s
Financial liabilities measured at amortised cost at 1 January 2024	4.72%	1,317,725
Net proceeds from financial institutions and customers		(27,499)
Net increase in profit payable		(728)
Financial liabilities measured at amortised cost at 31 December 2024	4.74%	**1,289,498**

Company	Avg. Yield	£'000s
Financial liabilities measured at amortised cost at 1 January 2023	2.82%	1,168,312
Net proceeds from financial institutions and customers		140,160
Net increase in profit payable		9,253
Financial liabilities measured at amortised cost at 31 December 2023	4.72%	**1,317,725**

26. Other liabilities

Group	2024	2023
	£'000s	£'000s
Other Provisions	143	-
Lease liabilities	799	1,085
Other taxes and social security costs	481	1,398
ColCap Financial UK	1,429	-
Other creditors	5,797	4,443
	8,649	**6,926**

Company	2024	2023
	£'000s	£'000s
Other Provisions	143	-
Lease liabilities	116	518
Other taxes and social security costs	481	715
ColCap Financial UK	1,429	-
Other creditors	1,966	3,513
	4,135	**4,746**

Notes to the Consolidated Financial Statements
(Continued)

27. Maturity analysis of financial assets and liabilities

The table shows an analysis of assets and liabilities analysed between those expected to be recovered or settled from the balance sheet date:

Group 2024	Less than 12 months	More than 12 months	Total
	£'000s	£'000s	£'000s
Assets			
Cash and balances with banks	27,823	-	**27,823**
Financing and advances at amortised cost	166,020	1,156,868	**1,322,888**
Financial assets held at fair value through the income statement	-	8,228	**8,228**
Financial assets held at fair value through other comprehensive income	5,214	23,068	**28,282**
Derivative financial instruments	31,054	-	**31,054**
Total financial assets	**230,111**	**1,188,164**	**1,418,275**
Liabilities			
Financial liabilities measured at amortised cost	976,074	312,903	**1,288,977**
Derivative financial instruments	38,150	-	**38,150**
Other liabilities	334	391	**725**
Total financial liabilities	**1,014,558**	**313,294**	**1,327,852**

Company 2024	Less than 12 months	More than 12 months	Total
	£'000s	**£'000s**	**£'000s**
Assets			
Cash and balances with banks	23,893	-	**23,893**
Financing and advances at amortised cost	166,020	1,156,868	**1,322,888**
Financial assets held at fair value through the income statement	-	7,286	**7,286**
Financial assets held at fair value through other comprehensive income	5,214	23,068	**28,282**
Derivative financial instruments	31,054	-	**31,054**
Total financial assets	**226,181**	**1,187,222**	**1,413,403**
Liabilities			
Financial liabilities measured at amortised cost	976,595	312,903	**1,289,498**
Derivative financial instruments	38,150	-	**38,150**
Other liabilities for leases	57	43	**100**
Total financial liabilities	**1,014,802**	**312,946**	**1,327,748**

Notes to the Consolidated Financial Statements
(Continued)

Group 2023	Less than 12 months £'000s	More than 12 months £'000s	Total £'000s
Assets			
Cash and balances with banks	24,596	-	**24,596**
Financing and advances at amortised cost*	136,804	1,220,999	**1,357,803**
Financial assets held at fair value through the income statement	-	18,278	**18,278**
Financial assets held at fair value through other comprehensive income	7,310	12,202	**19,512**
Derivative financial instruments	33,032	-	**33,032**
Total financial assets	**201,742**	**1,251,479**	**1,453,221**
Liabilities			
Financial liabilities measured at amortised cost	841,088	475,521	**1,316,609**
Derivative financial instruments	44,010	-	**44,010**
Other liabilities	619	466	**1,085**
Total financial liabilities	**885,717**	**475,987**	**1,361,704**

*In previous accounting period the Bank presented the breakdown of maturity dates for Financing and advances at amortised cost assuming the full financing principal amount will be repaid upon the contractual maturity date of the facilities. The 2023 comparative figures have been restated to present this information based on the specific repayment schedule of the outstanding principal amounts which is in line with 2024 figures. As this change is presentational in nature there has been no impact to the any of the amounts presented within the face of the financial statements.

Company 2023	Less than 12 months	More than 12 months	Total
	£'000s	£'000s	£'000s
Assets			
Cash and balances with banks	22,450	-	**22,450**
Financing and advances at amortised cost*	136,804	1,220,999	**1,357,803**
Financial assets held at fair value through the income statement	-	18,278	**18,278**
Financial assets held at fair value through other comprehensive income	7,310	12,202	**19,512**
Derivative financial instruments	33,032	-	**33,032**
Other asset - dividend	1,000	-	**1,000**
Total financial assets	**200,596**	**1,251,479**	**1,452,075**
Liabilities			
Financial liabilities measured at amortised cost	842,213	475,512	**1,317,725**
Derivative financial instruments	44,010	-	**44,010**
Other liabilities for leases	404	333	**737**
Total financial liabilities	**886,627**	**475,845**	**1,362,472**

Notes to the Consolidated Financial Statements
(Continued)

28. Assets and liabilities in foreign currency

The Bank manages its exposure to foreign exchange rate fluctuations by matching assets with liabilities in the same currency as far as possible.

Group	2024	2023
	£'000s	£'000s
Assets		
Denominated in Sterling	1,414,168	1,448,996
Denominated in other currencies	27,980	20,777
	1,442,148	**1,469,773**

Liabilities		
Denominated in Sterling	1,334,916	1,366,666
Denominated in other currencies	861	879
	1,335,777	**1,367,545**

Company	2024	2023
	£'000s	£'000s
Assets		
Denominated in Sterling	1,425,123	1,463,929
Denominated in other currencies	27,980	20,776
	1,453,103	**1,484,705**

Liabilities		
Denominated in Sterling	1,330,922	1,365,602
Denominated in other currencies	861	879
	1,331,783	**1,366,481**

29. Pension commitments

The Bank provides a defined contribution pension scheme for all staff. The assets of the scheme are held separately from those of the Bank in independently administered funds. During the period, pension costs of £778k were charged to the income statement (2023: £723k). The pension creditor outstanding at the balance sheet date amounted to £101k (2023: £94k).

30. Share capital

	2024	2023
Authorised:	**£'000s**	**£'000s**
22,500,000,000 ordinary shares of 1 pence each	225,000	225,000
Issued and paid:		
15,000,000,100 ordinary shares of 1 pence each	150,000	150,000
Issued and partly paid:		
Ordinary shares of 1 pence each paid up by 0.01 pence per share	4,930	4,930
Issued but not paid:		
Ordinary shares of 1 pence each	3,070	3,070
Total issued share capital	158,000	158,000
Total uncalled and unpaid share capital	(7,951)	(7,951)
	150,049	**150,049**

The uncalled and unpaid share capital relates to shares previously issued to the Bank's former Employee Benefit Trust (EBT). These shares were transferred to Gatehouse Financial Group Limited, following the share for share exchange in 2015.

31. Off balance sheet items

Financing commitments

At the balance sheet date, the Bank has outstanding financing commitments relating to residential property financing portfolio as follows:

	2024	2023
	£'000s	**£'000s**
Within one year	75,161	39,740
	75,161	**39,740**

Expected credit losses on financing commitments as at 31 December 2024 amounted to £37k (31 December 2023: £20k).

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(Continued)

32. Related party transactions

The Bank is a wholly owned subsidiary of Gatehouse Financial Group Limited ("GFGL").

The Kuwait Investment Authority and The Securities House are shareholders of Gatehouse Financial Group Limited.

The disclosure requirement in respect of remuneration to key management personnel has been met by providing Directors' emoluments details in note 7.

All related parties' transactions were entered into at an arm's length price; amounts outstanding and transaction during the period with related parties as at 31 December were as follows. Transaction during the period predominantly pertains to recharges from the Bank to related parties. These transactions were incurred by the Bank on behalf of the related parties therefore recharged.

2024	**Shareholder**	**Shareholder**	**Ultimate parent**
	Kuwait Investment Authority	The Securities House K.S.C.C.	Gatehouse Financial Group Limited
	£'000s	**£'000s**	**£'000s**
Profit income during the period	-	83	151
Profit expense during the period	-	-	-
Assets	-	187	151
Liability	-	-	145
Treasury liabilities	-	-	-
Undrawn credit facility	-	-	-

2023	**Shareholder**	**Shareholder**	**Ultimate parent**
	Kuwait Investment Authority	The Securities House K.S.C.C.	Gatehouse Financial Group Limited
	£'000s	**£'000s**	**£'000s**
Profit income during the period	-	-	-
Profit expense during the period	117	-	-
Assets	-	104	-
Liability	-	-	145
Treasury liabilities	-	-	-

33. Risk Management

The Risk Management function forms an integral part of Gatehouse's three lines of defence risk governance model. Its role, as the second line of defence, is to provide the control functions (Risk and Compliance) for the Board that are robust and commensurate to scale and nature of the business activities that the Bank undertakes. It discharges these responsibilities through monitoring performance against set limits and tolerances to risk exposures, through various validation and exception reports, through the composition of prudential reports and through stress testing and sensitivity analysis. The Internal Audit function, performed by Grant Thornton, a professional services firm, performs regular reviews of different activities of the Bank represents the third line of defence.

The Risk Management Function provides the day-to-day monitoring of risk exposures to ensure that the Bank's activities remain within the risk appetite parameters set by the Board.

The Chief Risk Officer is responsible for the risk management and compliance function, which considers all material risks on a consolidated basis and, in this respect, chairs the Executive Risk Committee.

Credit Risk

Credit risk is the risk of suffering financial loss in the event that one or more of the Bank's customers, clients or market counterparties fail to fulfil their contractual obligations. Credit risk may also arise where the downgrading of an entity's credit rating causes the fair value of the Bank's investment in that entity's financial instruments to fall. The credit risk that the Bank faces arises mainly from financing residential real estate, Treasury activities, real estate equity investment and senior and mezzanine commercial real estate financing.

The Bank's Risk function covers several areas in respect of assessing credit related exposures:

- The overall management and implementation of the risk appetite framework as determined by the Board; determining mandate and scale limits and implementing the risk appetite as set by the Board;
- Assessment of existing and potential Treasury counterparties and Sukuk by undertaking comprehensive credit risk assessments and making recommendations to the appropriate decision making forums. This includes monitoring of portfolio composition; and
- The monitoring of exposures to ensure compliance with approved limits and that the credit quality of the counterparty has not deteriorated or circumstances changed. Monitoring provides a picture of the portfolio as a whole and its inherent risks, including concentrations and capital allocation.

In view of the Bank's strategic focus on real estate business, the Risk function also covers the following:

- Assessment of real estate equity investments and senior and mezzanine financing activities via the provision of comprehensive credit risk assessments making recommendations to appropriate decision-making forums. This includes monitoring of portfolio composition; and
- The ongoing monitoring and review of credit risk for real estate equity investment and finance exposures to ensure compliance with covenants and early identification of changes to the credit risk profile and composition of the portfolio.
- Enhanced analysis of potentially deteriorating credit exposures through a 'watch list' process.

A comprehensive control framework is in place. This incorporates:

- Maximum exposure guidelines relating to exposure to an individual counterparty or transaction;
- Country / Region specific limits to avoid excessive concentration of credit risk; and
- Industry specific limits to avoid excessive concentration of credit risk in individual economic sectors.

A range of analysis methodologies are used to determine the credit quality of a counterparty, such as quantitative analysis, qualitative analysis, credit rating model, external rating agency research, industry specific research and for wholesale assets, market information such as credit spreads. The current Internal Capital Adequacy Assessment Process (ICAAP) is based on the Bank adopting the Standardised approach to credit risk quantification for capital purposes.

The Bank has in place processes for estimating the impairment provision on loans and advances associated with credit risk in accordance with IFRS 9 Financial instruments (IFRS 9). IFRS 9 requires use of expected credit loss ("ECL") models for the purposes of calculating impairment loss.

The Bank's ECL models allow the assessment of the credit risk exposure to the Bank that is inherent in financial assets and commitments (Treasury assets (including LAB Sukuk), real estate finance and residential property finance). The models are jointly controlled by Risk and Finance functions, who also agree the nature of forward-looking scenarios.

The ECL models require the Bank to exercise judgement using subjective assumptions when determining both the timing and the amounts of ECL for loans and advances subject to credit risk.

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Sensitivity Analysis

As per the sensitivity analysis of macro-economic factors, PD and ECL are expected to increase due to worsening economic projections, including economic growth, unemployment rates, and product rate increases, on the other hand, improving economic forecasts and rate decreases are anticipated to reduce the PD and ECL. LGD is inversely proportional to house prices, it would elevate if house prices fell, and would decline if house prices increased. The influence of economic variables differs according to different portfolios. The computation of ECL is on a per-customer basis, considering local indexation, with modifications made to account for additional risk factors in geographical areas that are projected to respond more strongly to changes in economic conditions.

The major assumptions considered for the analysis include unemployment forecasts, predicted housing price changes, and borrowing rate movements.

Exposure of credit risk

The Expected credit loss estimate is essential to be based on an unbiased expectation of future economic scenarios. The Group's approach incorporates a starting point which is a defined base case scenario used for planning purposes and to further generate alternative economic scenarios around the base case. The base case scenario is a conditional forecast based on numerous assumptions that represent the Group's best estimate of significant future developments.

The parameters used with group's ECL model include macroeconomic factors which have been established as drivers of the default risk and loss estimates. As a result, in each scenario an estimate of credit losses is calculated using the combination of these macroeconomic factors.

The ECL calculation incorporates multiple economic scenarios which have been weighted according to considered likelihood. The table below shows the weightings and peak values of the key variables used within the scenarios, based on a 5-year forecast.

2024 Relevant economic variables

Scenarios	Key Economic Variables	Years				
		2025	2026	2027	2028	2029
Base Case	BOE Rate	4.60%	3.60%	3.00%	2.50%	2.50%
	Unemployment rate	4.41%	4.35%	4.23%	4.10%	4.00%
	House Price Index	2.80%	1.66%	2.71%	4.09%	4.56%
Upside	BOE Rate	6.00%	5.88%	4.88%	3.88%	3.50%
	Unemployment rate	3.94%	2.73%	2.08%	2.11%	2.24%
	House Price Index	6.05%	5.56%	6.82%	6.14%	4.33%
Mild Upside	BOE Rate	5.50%	5.13%	4.13%	3.13%	3.00%
	Unemployment rate	4.19%	3.69%	3.62%	3.63%	3.64%
	House Price Index	4.03%	3.94%	5.21%	4.96%	4.43%
Stagnation	BOE Rate	4.50%	3.13%	2.25%	2.25%	2.25%
	Unemployment rate	5.28%	6.01%	6.62%	6.57%	6.30%
	House Price Index	1.16%	-1.68%	-0.62%	4.37%	4.84%
Downside	BOE Rate	4.50%	2.63%	1.75%	1.75%	1.75%
	Unemployment rate	5.48%	6.29%	6.87%	6.82%	6.54%
	House Price Index	0.46%	-3.22%	-2.28%	4.50%	4.97%
Severe Downside	BOE Rate	4.37%	1.88%	1.00%	1.00%	1.00%
	Unemployment rate	5.82%	6.77%	7.31%	7.25%	6.94%
	House Price Index	-0.72%	-5.98%	-5.41%	4.76%	5.23%

2023 Relevant economic variables

Scenarios	Key Economic Variables	Years				
		2024	2025	2026	2027	2028
Base Case	BOE Rate	5.25%	4.60%	3.60%	2.59%	2.00%
	Unemployment rate	4.54%	4.51%	4.13%	3.97%	3.85%
	House Price Index	-4.26%	-2.49%	0.01%	0.05%	0.04%
Upside	BOE Rate	6.25%	6.25%	5.38%	4.38%	3.38%
	Unemployment rate	4.02%	3.11%	2.42%	2.29%	2.31%
	House Price Index	1.32%	1.90%	4.50%	4.99%	3.99%
Mild Upside	BOE Rate	5.75%	5.75%	4.88%	3.88%	2.88%
	Unemployment rate	4.30%	4.06%	3.82%	3.76%	3.71%
	House Price Index	-0.71%	-0.04%	0.03%	0.06%	0.04%
Stagnation	BOE Rate	5.13%	3.88%	2.88%	1.88%	1.75%
	Unemployment rate	5.70%	6.55%	6.95%	6.87%	6.55%
	House Price Index	-8.52%	-6.51%	-2.47%	0.03%	0.05%
Downside	BOE Rate	5.00%	3.63%	2.38%	1.50%	1.50%
	Unemployment rate	5.86%	6.77%	7.17%	7.09%	6.75%
	House Price Index	-10.38%	-8.19%	-3.98%	1.32%	4.61%
Severe Downside	BOE Rate	4.88%	3.00%	1.63%	0.75%	0.75%
	Unemployment rate	6.12%	7.12%	7.54%	7.45%	7.09%
	House Price Index	-13.52%	-11.07%	-6.69%	-0.99%	4.85%

The base case scenario is in line with the annual financial forecast of the company and has been revised in line with the recent changes in the economic environment on the reporting date. To exhibit the best judgment of the management, the scenario weighting shall be reviewed regularly throughout the year. The slight upturn and downturn economic scenarios are viewed as less likely and are weighted accordingly in the model.

Scenario Weighting 2024		Base Case	Upside	Mild Upside	Stagnation	Downside	Severe Downside
		50%	10%	10%	10%	10%	10%
BOE Rate	Highest Rate	4.60%	6.00%	5.50%	4.50%	4.50%	4.37%
Unemployment Rate	Peak	4.41%	3.94%	4.19%	6.62%	6.87%	7.31%
House Price Index	Start to Trough	1.66%	4.33%	3.94%	-1.68%	-3.22%	-5.98%

Scenario Weighting 2023		Base Case	Upside	Mild Upside	Stagnation	Downside	Severe Downside
		50%	10%	10%	10%	10%	10%
BOE Rate	Highest Rate	5.25%	6.25%	5.75%	5.13%	5.00%	4.88%
Unemployment Rate	Peak	4.54%	4.02%	4.30%	6.95%	7.17%	7.54%
House Price Index	Start to Trough	-4.26%	1.32%	-0.71%	-8.52%	-10.38%	-13.52%

Notes to the Consolidated Financial Statements
(Continued)

The below table sets out the average five-year forecast for key macroeconomic variables forecast with 100% weighing, to illustrate sensitivities to model weighting in relation to RPF.

2024	Weighted Scenario ECL, no PMA	Base Case	Upside	Mild Upside	Stagnation	Downside	Severe Downside
HPP	656,020	542,549	386,634	463,956	839,756	964,116	1,192,999
BTL	1,486,937	1,156,803	729,394	928,325	2,000,159	2,365,548	3,061,925
Total	2,142,957	1,699,352	1,116,028	1,392,281	2,839,915	3,329,664	4,254,924

2024			
Post model adjustments	ECL model output	PMA	Total ECL
HPP	656,020	70,423	726,443
BTL	1,486,937	288,019	1,774,956
Total	**2,142,957**	**358,442**	**2,501,399**

2023	Weighted Scenario ECL, no PMA	Base Case	Upside	Mild Upside	Stagnation	Downside	Severe Downside
HPP	733,294	721,689	479,241	571,662	1,003,951	1,133,794	1,374,851
BTL	1,644,011	1,549,336	1,128,528	1,269,655	2,235,677	2,587,147	3,353,417
Total	2,377,305	2,271,025	1,607,769	1,841,317	3,239,628	3,720,941	4,728,268

2023			
Post model adjustments	ECL model output	PMA	Total ECL
HPP	733,294	63,098	796,392
BTL	1,644,011	196,630	1,840,641
Total	**2,377,305**	**259,728**	**2,637,033**

Note 3 refers to the basis by which the Bank reviews for impairments of its financial assets. Note 9 details the impairment provisions taken in the year to the income statement.

Exposure

The table below shows the maximum exposure to credit risk for financial assets on the balance sheet at 31 December 2024 and 31 December 2023:

Group	2024	2023
	£'000s	£'000s
Cash and balances with banks	27,823	24,596
Financing and advances at amortised cost	1,322,888	1,357,803
Financial assets held at fair value through other comprehensive income (Debt Assets)	28,282	19,512
Derivative financial instruments	31,054	33,032
	1,410,047	**1,434,943**

Company	2024	2023
	£'000s	£'000s
Cash and balances with banks	23,893	22,450
Financing and advances at amortised cost	1,322,888	1,357,803
Financial assets held at fair value through other comprehensive income (Debt Assets)	28,282	19,512
Derivative financial instruments	31,054	33,032
	1,406,117	**1,432,797**

Notes to the Consolidated Financial Statements
(Continued)

Geographical region

The Bank's credit exposure can be analyzed into the following geographical regions based on the location of the obligor:

Group	**2024**	**2023**
	£'000s	**£'000s**
GCC countries	153,497	142,171
Kuwait	6,339	8,800
Saudi Arabia	34,907	25,639
UAE	48,798	80,402
Qatar	58,137	19,955
Oman	2,064	2,263
Bahrain	3,252	5,112
Europe	1,025,420	983,642
North America	21,060	26,688
South America	933	955
Asia	184,631	246,558
Africa	14,029	20,417
Australasia	10,477	14,512
	1,410,047	**1,434,943**

Company	**2024**	**2023**
	£'000s	**£'000s**
GCC countries	153,497	142,171
Kuwait	6,339	8,800
Saudi Arabia	34,907	25,639
UAE	48,798	80,402
Qatar	58,137	19,955
Oman	2,064	2,263
Bahrain	3,252	5,112
Europe	1,021,490	981,496
North America	21,060	26,688
South America	933	955
Asia	184,631	246,558
Africa	14,029	20,417
Australasia	10,477	14,512
	1,406,117	**1,432,797**

Credit quality

The table below shows the credit quality of financial assets on the balance sheet at 31 December 2024 and at 31 December 2023, based on a credit rating system:

Group	Investment grade	Non-investment grade	Non-rated	Total
2024	**£'000s**	**£'000s**	**£'000s**	**£'000s**
Assets				
Cash and balances with banks	27,821	-	2	**27,823**
Financing and advances at amortised cost	87,662	-	1,235,226	**1,322,888**
Financial assets held at fair value through the income statement (Debt Asset)	-	-	-	**-**
Financial assets held at fair value through other comprehensive income	28,282	-	-	**28,282**
Derivative financial instruments	31,054	-	-	**31,054**
Total assets	**174,819**	**-**	**1,235,228**	**1,410,047**

Company	Investment grade	Non-investment grade	Non-rated	Total
2024	**£'000s**	**£'000s**	**£'000s**	**£'000s**
Assets				
Cash and balances with banks	23,891	-	2	**23,893**
Financing and advances at amortised cost	87,662	-	1,235,226	**1,322,888**
Financial assets held at fair value through the income statement (Debt Asset)	-	-	-	**-**
Financial assets held at fair value through other comprehensive income	28,282	-	-	**28,282**
Derivative financial instruments	31,054	-	-	**31,054**
Total assets	**170,889**	**-**	**1,235,228**	**1,406,117**

Notes to the Consolidated Financial Statements
(Continued)

Group	Investment grade	Non-investment grade	Non-rated	Total
2023	**£'000s**	**£'000s**	**£'000s**	**£'000s**
Assets				
Cash and balances with banks	24,594	-	2	**24,596**
Financing and advances at amortised cost	68,260	-	1,289,543	**1,357,803**
Financial assets held at fair value through the income statement (Debt Asset)	-	-	-	**-**
Financial assets held at fair value through other comprehensive income	19,512	-	-	**19,512**
Derivative financial instruments	33,032	-	-	**33,032**
Total assets	**145,398**	**-**	**1,289,545**	**1,434,943**

Company	Investment grade	Non-investment grade	Non-rated	Total
2023	**£'000s**	**£'000s**	**£'000s**	**£'000s**
Assets				
Cash and balances with banks	22,448	-	2	**22,450**
Financing and advances at amortised cost	68,260	-	1,289,543	**1,357,803**
Financial assets held at fair value through the income statement (Debt Asset)	-	-	-	**-**
Financial assets held at fair value through other comprehensive income	19,512	-	-	**19,512**
Derivative financial instruments	33,032	-	-	**33,032**
Total assets	**143,252**	**-**	**1,289,545**	**1,432,797**

Collateral

The Bank holds collateral against financing made to individuals in the form of charges over properties.

REF	Gross exposure	ECL Total	Net balance	ECL coverage	Collateral
	£'000s	£'000s	£'000s	£'000s	£'000s
2024	47,742	7,247	40,495	17.896%	60,537
2023	53,884	7,493	46,391	16.152%	70,505

RPF	2024				
FTV Band	Gross exposure	ECL Total	Net balance	ECL coverage	Collateral
	£'000s	£'000s	£'000s	£'000s	£'000s
<=60%	249,439	41	249,398	0.016%	554,027
60%-70%	341,955	418	341,537	0.122%	525,125
70%-80%	406,035	1,143	404,893	0.282%	539,461
>80%	170,832	937	169,894	0.552%	202,308
Total	**1,168,261**	**2,539**	**1,165,722**	**0.218%**	**1,820,921**

RPF	2023				
FTV Band	Gross exposure	ECL Total	Net balance	ECL coverage	Collateral
	£'000s	£'000s	£'000s	£'000s	£'000s
<=60%	278,667	432	278,235	0.155%	592,659
60%-70%	384,053	621	383,432	0.162%	590,257
70%-80%	397,219	962	396,256	0.243%	529,114
>80%	165,404	622	164,786	0.377%	196,981
Total	**1,225,343**	**2,637**	**1,222,706**	**0.216%**	**1,909,011**

Notes to the Consolidated Financial Statements
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Liquidity Risk

Liquidity risk is the risk that the Bank will be unable to meet its short-term payment obligations when they fall due, without a loss of capital and/or income. Liquidity risk management on a day-to-day basis is the responsibility of the Treasury department which is overseen and monitored by the Risk function and the Asset and Liability Committee. To manage this risk, the Bank maintains an adequate portfolio of liquid assets which consists of cash and short-term bank deposits and Sukuk by monitoring forecast and actual cash flows and matching the maturity profiles of assets and liabilities. The Bank is subject to and complies with the systems and control requirements of the PRA and CRD IV liquidity regime.

The Bank has two principal sources of funding being: i) funding from retail aggregators via Rasin, Flagstone and Akoni deposits ii) retail deposit platform Gatehouse savings. The Bank has actively sought to reduce its reliance on shareholder funding and has concentrated its efforts in raising alternative funding via its retail savings platform, Gatehouse savings, Rasin, Flagstone and Akoni deposits. As at 31 December 2024 Gatehouse savings deposits were £1,008m (2023: £1,041m) and Retail aggregator deposits were £246m (2023: £247m).

Liquidity and rate profile

The following table details the Bank's contractual maturities for its financial assets and financial liabilities based on contractual cash flows.

Group	Less than 1 month	1-3 months	3-6 months	6-12 months	1-5 years	Total
2024	**£'000s**	**£'000s**	**£'000s**	**£'000s**	**£'000s**	**£'000s**
Assets						
Fixed rate items	79,033	51,008	17,352	25,265	1,179,936	1,352,594
Non-rate sensitive	57,453	-	-	-	-	57,453
Total assets	**136,486**	**51,008**	**17,352**	**25,265**	**1,179,936**	**1,410,047**
Liabilities						
Fixed rate items	475,276	180,684	196,901	151,362	312,903	1,317,126
Non-rate sensitive	10,001	-	-	-	-	10,001
Total liabilities	**485,277**	**180,684**	**196,901**	**151,362**	**312,903**	**1,327,127**
Net	**(348,791)**	**(129,676)**	**(179,549)**	**(126,097)**	**867,033**	**82,920**

Company	Less than 1 month	1-3 months	3-6 months	6-12 months	1-5 years	Total
2024	**£'000s**	**£'000s**	**£'000s**	**£'000s**	**£'000s**	**£'000s**
Assets						
Fixed rate items	79,033	51,008	17,352	25,265	1,179,936	1,352,594
Non-rate sensitive	53,523	-	-	-	-	53,523
Total assets	**132,556**	**51,008**	**17,352**	**25,265**	**1,179,936**	**1,406,117**
Liabilities						
Fixed rate items	475,798	180,684	196,901	151,362	312,903	1,317,648
Non-rate sensitive	10,001	-	-	-	-	10,001
Total liabilities	**485,799**	**180,684**	**196,901**	**151,362**	**312,903**	**1,327,649**
Net	**(353,243)**	**(129,676)**	**(179,549)**	**(126,097)**	**867,033**	**78,468**

Group	Less than 1 month	1-3 months	3-6 months	6-12 months	1-5 years	Total
2023	**£'000s**	**£'000s**	**£'000s**	**£'000s**	**£'000s**	**£'000s**
Assets						
Fixed rate items*	95,660	26,480	6,753	17,762	1,233,201	1,379,856
Non-rate sensitive	55,087	-	-	-	-	55,087
Total assets	**150,747**	**26,480**	**6,753**	**17,762**	**1,233,201**	**1,434,943**
Liabilities						
Fixed rate items	359,147	77,754	99,565	330,916	475,522	1,342,904
Non-rate sensitive	17,715	-	-	-	-	17,715
Total liabilities	**376,862**	**77,754**	**99,565**	**330,916**	**475,522**	**1,360,619**
Net	**(226,115)**	**(51,274)**	**(92,812)**	**(313,154)**	**757,679**	**74,324**

*In previous accounting period the Bank presented the breakdown of maturity dates for Financing and advances at amortised cost assuming the full financing principal amount will be repaid upon the contractual maturity date of the facilities. The 2023 comparative figures have been restated to present this information based on the specific repayment schedule of the outstanding principal amounts which is in line with 2024 figures. As this change is presentational in nature there has been no impact to the any of the amounts presented within the face of the financial statements.

Notes to the Consolidated Financial Statements
(Continued)

Company	Less than 1 month	1-3 months	3-6 months	6-12 months	1-5 years	Total
2023	**£'000s**	**£'000s**	**£'000s**	**£'000s**	**£'000s**	**£'000s**
Assets						
Fixed rate items*	95,660	26,480	6,753	17,762	1,233,200	1,379,855
Non-rate sensitive	52,942	-	-	-	-	52,942
Total assets	**148,602**	**26,480**	**6,753**	**17,762**	**1,233,200**	**1,432,797**
Liabilities						
Fixed rate items	360,263	77,754	99,565	330,916	475,522	1,344,020
Non-rate sensitive	17,715	-	-	-	-	17,715
Total liabilities	**377,978**	**77,754**	**99,565**	**330,916**	**475,522**	**1,361,735**
Net	**(229,376)**	**(51,274)**	**(92,812)**	**(313,154)**	**757,678**	**71,062**

* In previous accounting period the Bank presented the breakdown of maturity dates for Financing and advances at amortised cost assuming the full financing principal amount will be repaid upon the contractual maturity date of the facilities. The 2023 comparative figures have been re stated to present this information based on the specific repayment schedule of the outstanding principal amounts which is in line with 2024 figures. As this change is presentational in nature there has been no impact to the any of the amounts presented within t he face of the financial statements.

The Bank's contractual maturities for its derivative financial instruments is disclosure in the Note 20.

Market Risk

Market risk is the risk of loss arising from a potential change in the value of an instrument or portfolio of instruments as a result of changes in market parameters (such as interest rates, equity indices, bond prices, commodity markets and exchange rates) during a specified time horizon. Gatehouse Bank is exposed to market risk in the management of its balance sheet. The role of the Risk function is to identify, quantify, manage and monitor the potential effects of those potential changes on the value of the portfolio, and broader balance sheet.

The Board sets and approves the market risk appetite for the Bank's activities. The Bank's Treasury department generally manages market risk. The Risk function implements a quantitative and qualitative limit framework within the context of the approved market risk appetite. A daily market risk report summarises market risk exposures against agreed limits. This daily report is circulated to the Treasurer for review.

A detailed market risk presentation is produced monthly and discussed at the Asset and Liability Committee.

Market risk measurement

The techniques used to measure and control market risk include:

- Nominal exposure limits: overnight and intraday limits;
- Value at Risk: an estimate of potential changes in the fair value or market value of the Bank's portfolio due to changes in market risk factors;
- Maximum loss: an estimate of the potential loss the Bank would have made on its portfolio had it held the same portfolio every day for the last 12 months;
- Sensitivity Analysis: an estimate of the potential loss incurred due to a specified change in a specified market risk factor; and
- Stress Testing and Scenario Analysis: used to estimate vulnerability to exceptional but plausible events. Stress testing ensures the adequacy of capital and liquidity, the viability of strategy and assesses the risks impacting Gatehouse Bank across a range of market conditions.

Although the Bank only trades in Shariah-compliant products, the carrying value of financial instruments held by the Bank is sensitive to movement in interest rates. If interest rates had been 200 basis points higher/lower and all other variables were held constant, the Bank's profit for the year ended 31 December 2024 would decrease/ increase £7,332k (2023: £7,172k).

In order to meet internal and client demand, the Bank maintains access to market liquidity by using all reasonable endeavors to quote bid and offer prices with other market makers and carries an inventory of approved capital market and treasury instruments, including a range of cash, securities and treasury products. These include Commodity Murabaha, Wakala, Islamic foreign exchange forwards and Profit Rate Swaps or a combination of these instruments.

Value at Risk

Profit Rate Risk (equivalent to Interest Rate Risk)

The varying profit share features and maturities of products, together with the use of Treasury products create Profit Rate Risk ('PRR') exposures due to the imperfect matching of margins and maturity differences between assets and liabilities.

The Bank uses derivatives to prudently manage its PRR. As at 31 December 2024, the Bank had total £403m (2023: £415m) in the form of fixed for floating rate, which allowed the Bank to tactically hedge against risks arising from deposits of certain short-term maturities and longer-term financing.

Overarching PRR limits are set by the Board and articulated accordingly within the Risk Appetite Statement. The Board have further delegated oversight of PRR to the Bank's Executive Committee who mandate the Bank's Asset and Liability Committee (ALCO) to monitor and assess PRR. Basis Point Value (BPV) and Value at Risk (VaR) is used to monitor the risk arising from open profit rate positions. The Bank's Pillar 1 minimum capital requirement allows for profit rate risk through the profit rate risk requirement.

As at 31 December 2024, the market value of nominal positions generating profit rate VaR was £92m (2023: £131m) which generated profit rate VaR of:

2024	95% VaR (£)
One day	**(8,371)**
One week	(9,867)
2023	**95% VaR (£)**
One day	**3,176**
One week	(21,080)

The Bank applies VaR methodology for measuring interest rate, currency and basis spread risks for both the trading portfolio and banking books. VaR measure adopted by the Bank estimates the potential negative change in the market value of a portfolio at a 99% confidence level over a 1-day horizon. The Bank distinguishes the following types of VaR:

1. Total VaR is calculated for all risk factors taken in aggregate;
2. Interest rate VaR is originated from interest rate risk exposure of the portfolio;
3. Foreign exchange VaR is originated from foreign exchange risk exposure of the portfolio;
4. Residual VaR is originated from other factors exposure of the Sukuk portfolio.

Foreign Exchange Risk

A proportion of treasury funding and investment activity is undertaken in foreign currencies, mainly US dollars, Euros and Kuwaiti Dinar. Foreign currency exposure is hedged on the balance sheet to reduce currency exposures to acceptable levels. VaR is used to monitor the risk arising from open foreign currency positions. The Group's Pillar 1 minimum capital requirement allows for foreign exchange risk through the foreign exchange risk requirement.

As at 31 December 2024, the net market value of nominal foreign exchange exposure was £527k (2023: £5,165k) which generated Foreign Exchange VaR of:

2024	95% VaR (£)
One day	**(1,683)**
One week	(3,673)
2023	**95% VaR (£)**
One day	**(707)**
One week	(2,954)

Financial assets at fair value through other comprehensive income - Sukuk Portfolio Risk

As part of liquidity management, the Bank's Treasury department invests in selected Sukuk. As at 31 December 2024, the Bank has not used derivatives to hedge Sukuk investments. VaR is used to monitor the risk arising from the available-for-sale Sukuk investment portfolio. The Group's Pillar 1 minimum capital requirement allows for investment risk through the equity position risk requirement.

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(Continued)

As at 31 December 2024, the market value of nominal FVTOCI Sukuk investment exposure was £28,282k (2023: £19,512k) which generated Price Risk VaR of:

2024	95% VaR (£)
One day	**(27,635)**
One week	(62,024)
2023	**95% VaR (£)**
One day	**(24,389)**
One week	(54,983)

Fair value measurements recognised in the balance sheet

The following table provides an analysis of the financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities. As at 31 December 2024 and 31 December 2023, Level 1 financial instruments are primarily investments in Sukuk that are quoted in active markets and market bid prices have been applied to fair value these at year end;
- Level 2: Fair value measurements are those derived from inputs other than quoted prices included are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); As at 31 December 2024 and 31 December 2023, the Bank did not hold any Level 2 financial instruments; and
- Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data. As at 31 December 2024 and 31 December 2023, Level 3 financial instruments consisted of investments in unquoted equity securities. Fair value is estimated by reference to the net asset value of the underlying investment for unquoted equities, where the net asset value is not based on observable market data. Unquoted equity securities are valued using confirmations of debt and cash balances held via the SPV and third-party appraisal reports. The valuation techniques include net present value and discounted cash flow models, comparison to similar instruments and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark profit rates, and credit spreads. The objective of valuation techniques is to arrive at fair value determination that reflects the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Group	Level 1	Level 2	Level 3	Total
2024	£'000s	£'000s	£'000s	£'000s
Derivative financial instruments				
Derivative financial instruments	31,054	-	-	**31,054**
Financial assets held at fair value through the income statement	-	-	-	**-**
Unquoted equity securities	-	-	8,228	**8,228**
Financial assets at fair value through other comprehensive income	-	-	-	**-**
Quoted Sukuk	28,282	**-**	**-**	**28,282**
Total	**59,336**	**-**	**8,228**	**67,564**

Company	Level 1	Level 2	Level 3	Total
2024	£'000s	£'000s	£'000s	£'000s
Derivative financial instruments				
Derivative financial instruments	31,054	-	-	**31,054**
Financial assets held at fair value through the income statement	-	-	-	**-**
Unquoted equity securities	-	-	7,286	**7,286**
Financial assets at fair value through other comprehensive income	-	-	-	**-**
Quoted Sukuk	28,282	**-**	**-**	**28,282**
Total	**59,336**	**-**	**7,286**	**66,622**

Group & Company	Level 1	Level 2	Level 3	Total
2023	£'000s	£'000s	£'000s	£'000s
Derivative financial instruments				
Derivative financial instruments	33,032	-	-	**33,032**
Financial assets held at fair value through the income statement	-	-	-	**-**
Unquoted equity securities	-	-	18,278	**18,278**
Financial assets at fair value through other comprehensive income	-	-	-	**-**
Quoted Sukuk	19,512	**-**	**-**	**19,512**
Total	**52,544**	**-**	**18,278**	**70,822**

Notes to the Consolidated Financial Statements
(Continued)

The fair value of financial assets and liabilities at amortised cost approximates their carrying value.

There were no transfers between Level 1 and Level 2 during the year and no transfers between Level 2 and Level 3.

Group	2024	2023		
Level 3 asset	**Carrying value**	**Carrying value**	**Valuation Technique**	**Significant unobservable inputs**
	£'000s	**£'000s**		
UK Unquoted equity securities	8,228	18,278	Measurement of net assets as a proportion of participating shares in issue	Net rental yield, market rents stabilised operating leakage and portfolio transaction costs
Total	**8,228**	**18,278**		

Company	2024	2023		
Level 3 asset	**Carrying value**	**Carrying value**	**Valuation Technique**	**Significant unobservable inputs**
	£'000s	**£'000s**		
UK Unquoted equity securities	7,286	18,278	Measurement of net assets as a proportion of participating shares in issue	Net rental yield, market rents stabilised operating leakage and portfolio transaction costs
Total	**7,286**	**18,278**		

Group	Financial assets held at fair value through the income statement		
2024	**Financing arrangements £'000s**	**Unquoted equities £'000s**	**Total £'000s**
Balance at 1 January 2024	**-**	18,278	**18,278**
Fair value uplifts	-	1,291	**1,291**
Realised gain on sale	-	678	**678**
Net settlements	-	(12,019)	**(12,019)**
Balance at 31 December 2024	**-**	**8,228**	**8,228**

Company	Financial assets held at fair value through the income statement		
2024	**Financing arrangements £'000s**	**Unquoted equities £'000s**	**Total £'000s**
Balance at 1 January 2024	-	18,278	**18,278**
Fair value uplifts	-	1,291	**1,291**
Realised gain on sale	-	678	**678**
Net settlements	-	(12,961)	**(12,961)**
Balance at 31 December 2024	**-**	**7,286**	**7,286**

A 20 % decrease in property prices would reduce the fair value of financial assets held at FVIS by £1.5m and £4.9m as at 31 December 2024 and 2023, respectively.

Group & Company	Financial assets held at fair value through the income statement		
2023	**Financing arrangements £'000s**	**Unquoted equities £'000s**	**Total £'000s**
Balance at 1 January 2023	-	17,061	**17,061**
Negative revaluations	-	(20)	**(20)**
Fair value uplifts		-	**-**
Trading income/loss	-	-	**-**
Net settlements	-	1,237	**1,237**
Balance at 31 December 2023	**-**	**18,278**	**18,278**

The line item in the Consolidated Income Statement that includes change in unrealised gains/ (losses) on financial assets held at fair value through the income statement is 'Net gains from financial assets at fair value through income statement'.

Notes to the Consolidated Financial Statements

(Continued)

The table below describes the effect of changing the significant unobservable inputs to reasonable possible alternatives in relation to financial assets held at fair value through the income statement unquoted equity securities:

	2024		2023	
Unobservable inputs	5% Favourable Change £'000s	5% Unfavourable Change £'000s	5% Favourable Change £'000s	5% Unfavourable Change £'000s
Net Rental Yield	696	(630)	2,083	(1,882)
Market Rents	661	(661)	1,953	(1,953)
Stabilised Operating Leakage	166	(166)	414	(414)
Portfolio Transaction Costs	15	(15)	44	(44)
Total	**1,538**	**(1,472)**	**4,494**	**(4,293)**

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes or systems, human factors, or from external events. Major sources of operational risk include: operational process reliability, IT security, outsourcing of operations, dependence on key suppliers, implementation of strategic change, integration of acquisitions, fraud, operational error, customer service quality, regulatory and legislative compliance, recruitment, training retention of staff and social and environmental impacts.

Ongoing assessment of operational risks occurs through the analysis of risk events, internal audit findings, external events and key operational risk indictors. Relevant operational risk management information is recorded in a dashboard that is prepared and presented monthly to the Executive Risk Committee, and quarterly to the Board Risk & Compliance Committee.

Pillar 3 Disclosures (Unaudited)

Pillar 3 disclosures are presented in the "Pillar 3 Disclosures" document, available on request. The disclosures are made annually and are published as soon as practicable after the publication of the annual report and financial statements of the Bank.

Capital Risk Management (Unaudited)

The Bank policy in respect of capital adequacy is to maintain a strong capital base so as to retain investor, creditor and market confidence. During the year, capital has been maintained at a level above minimum regulatory requirement. Such levels have been established by reference to an Internal Capital Adequacy Assessment Process ("ICAAP") assessment. The PRA reviews the ICAAP assessment of its Pillar 2 capital requirement as part of the Total Capital Requirement (TCR) process.

The Bank holds its cash with a number of reputable financial institutions. All cash and cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash.

The Bank's capital requirements are set and monitored by the regulator. Regulatory capital consists of Tier 1 capital, which includes ordinary share capital and retained earnings less intangible assets, and Tier 2 capital.

The Bank's regulatory capital position was as follows:

Core Tier 1 Capital	2024	2023
	£'000s	**£'000s**
Share capital	150,049	150,049
Retained losses	(24,352)	(27,103)
Other Reserves – FVTOCI	(4,378)	(4,722)
Add back of IFRS 9 impairments due to transitional arrangements	-	-
	121,319	**118,224**
Deductions from CET1	(12,736)	(10,066)
Tier 2 Capital	**18,500**	**18,500**
Total regulatory capital	**127,083**	**126,658**

34. Country by Country Disclosures

The Capital Requirements (Country-by-Country) Regulations came into effect on 1 January 2014 and places certain reporting obligations on financial institutions that are within the scope of the European Union's Capital Requirements Directive (CRD IV). The objective of the reporting requirements is to provide increased transparency regarding the activities of the institution.

As at 31 December 2024, Gatehouse Bank Plc and its subsidiaries are all UK registered entities.

Employees

The average number of permanent employees was 299 (2023: 300) for the year ended 31 December 2024.

Country-by-Country Breakdown

2024

Country	**Type of Operations**	**Net Income from Continuing operations £'000s**	**Profit/(loss) before tax £'000s**	**Corporation tax paid £'000s**	**Average number of employees**
United Kingdom	PRA and FCA regulated Bank	23,478	585	-	193
United Kingdom	Real estate investment advisory	6,563	2,197	(925)	11
United Kingdom	Management of real estate	9,193	3,090	(790)	104
France	Letting of office space	-	-	-	-
Group Consolidated adjustments	-	(3,999)	(2,524)	-	-
Total	**-**	**35,235**	**3,348**	**(1,715)**	**308**

Notes to the Consolidated Financial Statements
(Continued)

2023

Country	Type of Operations	Net Income from Continuing operations £'000s	Profit/(loss) before tax £'000s	Corporation tax paid £'000s	Average number of employees
United Kingdom	PRA and FCA regulated Bank	27,107	2,618	-	192
France	Letting of office space	(41)	(272)	-	-
United Kingdom	Management of real estate	8,041	3,088	(715)	100
United Kingdom	Real estate investment advisory	1,486	69	(16)	8
Group Consolidated adjustments	-	(2,491)	(2,350)	-	-
Total	**-**	**34,102**	**3,153**	**(731)**	**300**

The Group received no public subsidies during 2024 and 2023.

Notes to Country-by-Country Breakdown

- Financial information is presented under IFRS.
- The information is presented on a consolidated basis, inclusive of subsidiaries.
- Group consolidation adjustments include accounting eliminations between Gatehouse Bank plc and its subsidiaries (Gatehouse Build to Rent Group Limited and Silver Noisy Sarl). Silver Noisy Sarl was dissolved during 2023.

35. Subsequent Events

There were no material events subsequent to 31 December 2024 and up until the authorisation of the financial statements for issue, that have not been disclosed elsewhere in the financial statements.

36. Parent Company

As at 31 December 2024 the Bank's ultimate parent undertaking and controlling party was Gatehouse Financial Group Limited, incorporated as a private company in Jersey on 5 March 2015 under the Companies (Jersey) Law 1991. The address of the registered office is Gatehouse Financial Group Limited, 44 Esplanade, St Helier, Jersey JE4 9WG.

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