



Annual Report and Financial Statements 2025

Socially responsible. Ethically fair.



Company Information

Chairman

Fahed Faisal Boodai

Chief Executive Officer

Charles Haresnape

Directors

Abdulaziz AlBader
Lesley Beecher
Usman Chaudry
Gerald Gregory
Danesh Mahadeva
Phillip McLelland

Company secretary

Mohaimin Chowdhury

Registered office

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Auditors

Forvis Mazars LLP
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Chairman's Statement



Fahed Faisal Boodai
Chairman
16 April 2026

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 2025 Annual Report and Financial Statements.

Despite the challenges faced in the previous year, I am pleased with the continued hard work of colleagues across the Banking Group and remain grateful to our Shareholders and Board of Directors for the guidance and support they continue to provide, which inform the Bank's future strategy and success.

Whilst the Bank recorded its first annual loss in six years, it is important to note the context. The sale of our Build to Rent subsidiary, which was initially budgeted for in 2025, was unfortunately delayed and completed in Q1 2026. In addition, challenging market conditions resulted in a further provision for loss of £2.5 million on the Bank's small legacy commercial portfolio. Excluding these two events, our performance in 2025 would have ensured continued profitability. The Board-approved strategic plan going forward will result in greater emphasis on portfolio recycling to maximise profit and capital efficiency.

Due to these challenges, we managed origination capability in line with capital, while focusing on upholding an excellent level of service for savers, homebuyers and landlords. To help drive efficiencies and streamline the journey for our customers, we invested significantly in new systems and technology, including an underwriting system that is currently in development and piloting an AI-enhanced RICS surveyor expertise platform.

I am proud that the hard work of the Bank and its colleagues continued to be recognised, not only through industry accolades, but also and most importantly by our customers, with our average all-Bank net promoter score (NPS) standing at a strong +68 for 2025.

Over the last year, we continued to deliver on our commitment to offer our customers ethical Islamic finance products to help them achieve their financial goals. In April, we re-entered the higher finance-to-value (FTV) market by introducing a range of Home Purchase Plans (HPP) offering up to 95% FTV to UK customers, to help first-time buyers and others with smaller deposits get on the property ladder. Having identified a key barrier to entry for overseas buyers in the UK's home finance market, we entered into a new partnership with financial technology firm, Algbra, which enables us to now offer eligible customers the opportunity to apply for a UK payment account as part of the home finance process.

In line with our strategy, our total home finance portfolio grew from £1.168 billion in 2024 to £1.186 billion in 2025.

We also continued to originate off balance sheet, as per the terms of the agreement with our forward flow partner, contributing to total gross completions of £245 million.

Our range of ethical savings products is underpinned by our Woodland Saver accounts, for which we plant a tree on behalf of the customer for every account opened or renewed. It is fantastic to see that this tree-planting initiative continues to resonate strongly with our customer base, with over 80% consistently highlighting tree planting as a key driver in their decision to open a Woodland Saver account. Thanks to our customers, we surpassed the milestone of 70,000 trees planted since the launch of the accounts in 2021. In line with our home finance targets for the year, our total savings deposits remained stable, at £1.287 billion, compared to £1.289 billion in 2024.

The Bank's activity in the institutional Build to Rent sector continued to be grown by our subsidiary, the Gatehouse Build to Rent Group, trading as Gatehouse Living Group (GLG), which comprises of Gatehouse Investment Management and property manager, Ascend Estates Limited. GLG holds a robust track record in the market, having invested over £1 billion in single-family rental homes, delivered over 5,000 homes nationwide and established five institutional single-family rental platforms. In 2025, the Bank engaged in conversations with investors over the planned sale of Gatehouse Living Group, which was finalised in early 2026.

As a Shariah-compliant, ethical Bank, we take immense pride in our ESG work and role as a founding signatory to the UN Principles for Responsible Banking. Our activity in this space is consolidated under our ESG strategy, which comprises of

four key pillars where we can make the biggest positive impact: biodiversity and deforestation, financial education and inclusion, climate change, and community health and wellbeing. In 2025, it was fantastic to see continued colleague engagement with our ESG initiatives, with 80% taking part in volunteering activities, fundraising for our charity partner, Depaul UK and/or nominating a grassroots sports team to take part in our community sports fund programme.

Looking towards the future, I am confident that our streamlined operations, enhanced efficiencies and the continued appetite for our products have placed Gatehouse Bank in a favourable position to fulfil our growth potential.



Fahed Faisal Boodai
Chairman
16 April 2026



Our report, "Striving for Growth: Fostering the UK's Islamic Finance Sector", was launched at an event at the House of Lords in February.



Chief Executive Officer's Statement for the Year Ended 31 December 2025



Charles Haresnape
Chief Executive Officer
16 April 2026

Overall, 2025 was a year of uncertainty, caused by persistent inflation, affordability pressures and general uneasiness ahead of policy changes. Due to these challenges, we managed origination capability in line with capital and, due to the disposal of Gatehouse Living Group being delayed, the Bank experienced negative growth in 2025, following five consecutive years of profitability.

To counteract these challenges, we continued to focus on the customer, investing in systems and technology to streamline our processes, drive efficiencies, improve the customer journey and help ensure the Bank's future growth.

I am incredibly proud to serve as Chief Executive Officer of Gatehouse Bank and am grateful to my dedicated colleagues for their continued hard work in expanding access to Islamic finance, both in the UK and overseas. This includes offering Shariah-compliant finance to UK expat and international customers investing in property across England and Wales, where the housing market is widely seen as resilient and secure.

Whilst in 2025 the Bank recorded its first annual loss in six years, it is important to note the context. We budgeted in 2025 for the sale of our Build to Rent subsidiary, which unfortunately was delayed until Q1 2026. In addition, challenging market conditions resulted in the Bank making further provisions for loss on our small legacy commercial portfolio of £2.5 million. Our performance in 2025 would have ensured a continuation of profitability had these two events not occurred. The Board-approved strategic plan going forward will see greater emphasis on portfolio recycling to maximise profit and capital efficiency.

In 2025, our strategy remained focussed on three core areas:

1. Home Finance, including Home Purchase Plans (HPP) for owner-occupiers and Buy-to-Let (BTL) Purchase Plans for property investors.
2. Retail Savings, including fixed-term deposits, cash ISAs, easy access accounts, notice accounts and our regular saver account.
3. Build to Rent through our subsidiary, Gatehouse Living Group, comprising of Gatehouse Investment Management and Ascend Estates Limited.

Looking back over the year, key highlights included:

- » Investing in building a new underwriting system, which is currently in development
- » Piloting a new RICS surveyor expertise platform, leading to shorter timescales for our customers and an improved overall experience
- » Entering into a new partnership with financial technology firm, Algbra, which provides our overseas home finance customers with the opportunity to apply for a UK payment account as part of the application process
- » Continuing to originate off balance sheet, as per the terms of the agreement with our forward flow partner
- » Launching the Islamic Finance for Growth UK Taskforce, following our research on the opportunities for growth for Islamic finance in the UK, presented at the House of Lords
- » Developing a new Bridging Finance offering, which we plan to launch in 2026 as a sister company to the Bank.

Retail customers

We continued to deliver on our central commitment to our customers: to offer ethical, socially responsible Islamic finance products to help homebuyers, savers and landlords achieve their financial goals.

In April, we re-entered the higher finance-to-value (FTV) market, aiming to support first-time buyers and other customers with smaller deposits through our range of HPP products offering up to 95% FTV for UK residents. Later in the year, we launched new limited edition Refinance Fee Saver HPP and BTL products, to provide a wider range of options for UK customers seeking Islamic finance. These products offer a competitive rate and no product or application fees for customers who are refinancing to Gatehouse Bank from another provider.

For UK BTL customers, we made substantial improvements to our application process, for example, by reducing documentation requirements for customers requiring top-slicing.

To help make our products more accessible for customers overseas, we entered into a new partnership with financial technology firm, Alibra, to help customers residing overseas obtain a UK payment account, which is a common barrier to entry in the UK property market.

Our savings proposition remained popular, particularly our range of fixed term deposit and cash ISA Woodland Saver accounts, for which we plant a tree on the customer's behalf for every account opened or renewed.

In 2025, we were thrilled to have surpassed the significant milestone of 70,000 trees planted since the accounts launched in February 2021.

Building on work undertaken in previous years, we continued to implement new processes and systems to deliver a streamlined journey for our customers, through projects such as developing a new underwriting platform and piloting a new RICS surveyor expertise platform. I'm immensely proud of the recognition we continued to receive from our customers, with the Bank's average net promoter score standing at a strong +68 throughout 2025.

Institutional customers

As of 31 December 2025, Gatehouse Bank's Build to Rent activity was consolidated under one roof by our subsidiary, Gatehouse Living Group (GLG). GLG holds a robust track record in the market, having invested over £1 billion in single-family rental homes and delivered over 5,000 homes nationwide. In 2025, the Group sold a 610-home single-family rental portfolio on behalf of investors, which is the third portfolio to be created, stabilised and exited by the Group.



"Running the Great North Run for Depaul UK was a personal achievement for me and I am thankful to everyone for their generous support."



"Volunteering at Cash for Kids Manchester Mission Christmas gift drive with colleagues from our Wilmslow office was a great experience."



"In 2025 I joined Depaul's Council of Trustees to support Depaul UK in its mission to help young people experiencing homelessness."

In the second half of the year, the Bank engaged in conversations with investors over the planned sale of Gatehouse Living Group to further support Gatehouse Bank's growth. Had the deal been finalised by the end of the year as planned, the Bank's annual result would have been another year of profitability. The transaction was closed in the first quarter of 2026.

Colleagues

Thanks to our colleagues' hard work and continued commitment to providing an excellent level of service for our customers, we were pleased to have been awarded several industry accolades throughout the year. These included:

Our Awards



European Excellence Awards 2025
Public Affairs and Political Communications



MoneyNet Award Winner 2025
Best Green Fixed Rate Savings Provider
(Woodland Saver Accounts)



MoneyComms Award Winner 2025
Best Green Savings Provider



International Business Magazine Awards 2025
Leading Shariah-Compliant Bank UK



International Business Magazine Awards 2025
Most Trusted Islamic Bank UK



Global Islamic Finance Award (GIFA) Winner 2025
Best Islamic Bank for Green Savings and Financing



Islamic Finance News Award Winner 2025
Best Islamic Bank in the United Kingdom



We continue to follow a hybrid working model, introducing a mandatory office attendance policy in September 2025 to promote collaboration, enhance teamwork and support business operations. In addition, we provide numerous additional opportunities for face-to-face collaboration, including training sessions, regular team meetings, town halls and all-Bank internal events.

At Gatehouse Bank, we believe diversity should be embraced and are proud to have cultivated a workplace where all colleagues can feel safe, respected and valued. Our DE&I Forum continues to champion and drive meaningful change through initiatives that are shaped by colleague feedback in our annual DE&I survey. In 2025, volunteers from the Forum engaged with colleagues on topics to do with cultural awareness, inclusion, neurodiversity and psychological safety.

It was fantastic to see continued strong levels of colleague engagement through our annual engagement and DE&I surveys, with completion rates of over 80% for both surveys and the results illustrating a 97% engagement rate across the Bank.

ESG and Community

As a Shariah-compliant Bank, ESG forms an integral part of our ethos due to the natural alignment between Shariah principles and several international frameworks for sustainable development. We have also taken our commitment one step further through our status as a founding signatory to the UN Principles for Responsible Banking (UN PRB) and being independently certified as operationally carbon neutral for the last five years.



"In November, I took part in a panel discussion on Islamic finance in global markets at the AlBaraka Summit in London."

2025 marked the first full year of implementation of our current ESG strategy, which is central to our commitment to society and the UN PRB as it guides our sustainable practices under four pillars where we can make the largest positive impact.

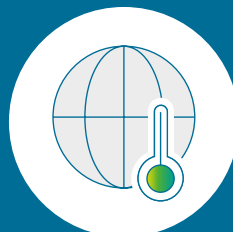
ESG Pillars



**Biodiversity and
Deforestation**



**Financial Education
and Inclusion**



Climate Change



**Community Health
and Wellbeing**

We continue to bring our customers along on our ESG journey, offering them the opportunity to give back to the environment through our Woodland Saver accounts and green home finance products. Under this scheme, we offer a reduced rental rate for customers acquiring or refinancing an energy efficient property, where we also offset the carbon emissions generated by the average UK property for the product's fixed term.

A highlight from 2025 was launching our first multi-year charity partnership with youth homelessness charity, Depaul UK.

Throughout the year, colleagues across the Bank organised fundraising activities in aid of Depaul UK – from a Bank-wide wellbeing challenge, “Feel Good February”, skydives and two international treks, to rooftop yoga and sponsored runs.

Collectively, our fundraising efforts amounted to over £26,000 raised, which equates to over 300 safe nights for young people provided through Depaul UK's emergency accommodation service. On a personal note, I was honoured to be invited to join Depaul UK's Council of Trustees, where I have the opportunity to personally support the charity's mission of ending youth homelessness.

Beyond fundraising, we continue to provide opportunities for our colleagues to support causes that are close to their hearts through our volunteering policy, which offers two paid days of volunteering leave every year. It was fantastic to see a record uptake of this initiative in 2025, with 137 colleagues contributing their time and skills to help community organisations that align with our ESG strategy. I'm incredibly proud that, when surveyed following their volunteering experience, 100% of colleagues said they would recommend volunteering to someone else.

In addition, we continued to sponsor community sports club, Hyderi Sports Association and expanded our colleague-nominated community sports fund by continuing support for two teams from 2024 and welcoming four new teams to the fold.

To further build on our work to advance financial education and inclusion, we launched a new three-year partnership with national employability and financial education charity, Young Enterprise, to deliver a bespoke financial education programme to young people who would benefit from it.

Future growth

We have a strong appetite for growth and remain driven by our central mission, which is to provide our customers with alternative finance products that suit their values and individual needs. Looking towards the year ahead, I am optimistic that our streamlined operations, increased efficiencies and continued conversations with potential investors have placed the Bank in a favourable position for further growth in the future.

We continue to have capital and liquidity options including new Tier 1 investor interest, securitisation and portfolio recycling.

I remain grateful to our Chairman and Board of Directors for their ongoing guidance and support and to our shareholders, for their commitment and investment in the Bank over the years.

I am deeply honoured to lead such a talented team of colleagues at Gatehouse Bank and very much look forward to continuing to work closely with them, our Executive Committee, our Board of Directors and our Shariah Supervisory Board in the year ahead.

Charles Haresnape
Chief Executive Officer
16 April 2026

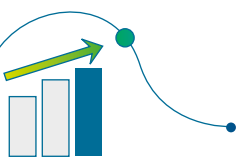
2025 Key Highlights

Partnership with Finvise, an AI-powered surveyor expertise platform

Piloted a new RICS surveyor expertise platform, leading to shorter timescales for our customers and an improved overall experience.

Albra UK payment account option available for International residents and UK Expats

Our new partnership with Shariah-compliant financial technology firm, Albra, will help expand access to UK home finance for customers overseas.



65%

year on year increase in originations

Overall origination, including assets originated for our forward flow partner has increased by 65% year-on-year, from £148 million in 2024 to £245 million in 2025.



+68

Net Promoter Score

Our all-Bank net promoter score (NPS) stood at a strong +68 for 2025.



70,000

Trees planted due to Woodland Saver accounts

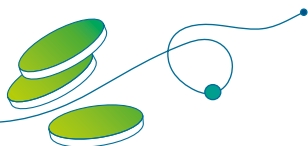
We surpassed the milestone of 70,000 trees planted on behalf of our Woodland Saver customers since 2021.



5th

consecutive year as a carbon neutral business

Gatehouse Bank was independently certified as operationally carbon neutral for the fifth consecutive year.



£26,000

Raised for Depaul

We entered our first multi-year charity partnership with youth homelessness charity, Depaul UK. Collectively, our colleagues' fundraising efforts amounted to over £26,000 raised in 2025.



80%

of Gatehouse Bank colleagues

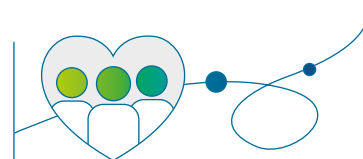
took part in community initiatives.



Three-year

partnership with Young Enterprise

We entered a three-year partnership with national employability and financial education charity, Young Enterprise.



Launched

the Islamic Finance for Growth UK Taskforce

to encourage further growth for the UK's Islamic finance sector.

Community Volunteering



Kishar Wallace-Cronin, Test Analyst, volunteered in a community litter pick at Campbell Park, Milton Keynes for The Parks Trust.



Project Manager, Nasreen Abdul, volunteered for Milton Keynes Special Needs Advancement Project by helping to maintain the charity's accessible garden used for community events.

Colleagues from our Wilmslow and London offices volunteered to spread some festive cheer by decorating two accommodation centres for young people experiencing homelessness, run by our charity partner, Depaul UK.



Brigitta Gulde, Broker and Intermediary Sales Support, and Simon Field, Telephony Business Development Manager, volunteered with Baby Basics in Milton Keynes by helping to set up a 'Top-Up Shop' where families can purchase essential items at reduced prices.

Community Volunteering

Zoe Sopper, our Marketing Manager, undertook two volunteering opportunities in 2025. A keen runner, she has volunteered for parkrun in Southeast London since 2016. She also volunteered with Friends of Horsebere Brook, a group helping to care for and enhance the site for wildlife and visitors to the Longlevens area.



Colleagues from across the Bank cleared an overgrown garden area at Derian House Children's Hospice to prepare the site for a new forest school, which is designed to be fully accessible.

Ashleigh Clark, our PR and Communications Officer, spent the day volunteering with FoodCycle in Hackney, helping to transform surplus ingredients into nourishing meals, while providing a welcoming space to support community wellbeing.



Following a memorable experience last year, colleagues from our Finance and Legal teams returned to volunteer at St Mary's Churchyard in Walthamstow, helping to maintain the cherished community hub.

Amanda Symes-Reeves, Senior Product Manager, volunteered with Inspiring the Future, which connects workplace volunteers with schools and colleges to help inspire young people to aim higher in their education and careers.

Community Volunteering



Alex Florea, Mark Wetherall and Lorenzo Fontani from our London office volunteered in a day of gardening across two of Depaul UK's accommodation services in Islington.



After a rewarding experience last year, Applications Administrator Joanne Mottershead returned to volunteer at Friendly Fridays UK, a multi-generational community group in Stockport which aims to improve the wellbeing of visitors by getting people of all ages together.



George Jeffery, Senior Financial Crime Analyst, volunteered by clearing rubble to make way for an extended equestrian pen and caring for the rabbits at Northamptonshire Animals Needing Nurturing & Adoption (NANNA).

Our Completions Support Administrator, Dan Banshaw, spent two days volunteering at 'Off the Record', a non-profit record store in Milton Keynes which raises funds for Willen Hospice.



Corporate Governance

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 29 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 32 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 31 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

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

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. Candidates to succeed him as Senior

Independent Director and also as Chair of each of the BRCC and RNC will be identified in due course.

Notwithstanding his tenure of more than 10 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, particularly given the strategic decisions that it is expected the Board will be required to make in the next 18 months.

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



The Bank's higher Finance-to-Value (FTV) Home Purchase Plans for UK Residents relaunched in 2025.

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.

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 8 times in 2025.

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 2025.

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 5 times in 2025. Below is a table of Directors appointments, resignations, and committee memberships in 2025.

Below is a table of Directors appointments, resignations, and committee memberships in 2025.

Director	Date of Appointment	Committee Membership
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

Strategic Report for the Year Ended 31 December 2025

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 40.

This strategic report has been prepared for Gatehouse Bank plc and its subsidiaries and therefore gives greater emphasis to the matters deemed most significant to the Bank when viewed as a whole. It 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 returns 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
- » 2025 performance overview
- » Environmental, Social and Governance (ESG)
- » Principal risks and uncertainties
- » Going concern

Business Model

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

In 2025, the Bank's strategy remained focused on three core areas:

Home Finance

- » Home Purchase Plans (the Shariah-compliant alternative to a conventional residential mortgage)
- » Buy-to-Let Purchase Plans

Retail Savings

- » Fixed Term Deposits
- » Cash ISAs (Easy Access and Fixed Term)
- » Easy Access Accounts
- » Notice Accounts
- » Regular Saver¹

Gatehouse Build to Rent Group Limited, trading as Gatehouse Living Group²

- » Gatehouse Investment Management Limited (Gatehouse IM)
- » Ascend Estates Limited

Financial Results

The financial statements for the year ended 31 December 2025 are available between pages 55 to 65.

As of 31 December 2025, Gatehouse Bank's consolidated net assets amounted to £95.8 million (2024: £106.4 million). The decrease is mainly due to the incurred loss after tax which amounted to £11.4 million in 2025 (profit after tax of £3.8 million in 2024). These results reflect wider market challenges, including persistent inflation, elevated unemployment levels and uncertainty ahead of government policy changes. In addition, a significant profit contribution was expected from the sale of Gatehouse Living Group, but the transaction was delayed until Q1 2026. Had expected timescales been achieved, the 2025 consolidated results would have been profitable.

Despite these challenges, the Bank maintained solid capital, funding and liquidity levels. Our liquidity coverage ratio remained comfortably above the regulatory threshold, with our total regulatory capital and total capital adequacy ratios exceeding the minimum levels required. Overall, we continued to prioritise the effective use of capital and funding to support steady growth aligned with our business strategy.

¹ This product was not available for new customers in 2025.

² Gatehouse Living Group has been classified as a "disposal group held for sale" during the second half of 2025.

The table below highlights the relevant Key Performance Indicators (KPIs)³ for 2025, with an analysis of performance under each KPI included below.

As per the Bank's strategy for 2025, which involved managed growth in line with capital needs, our total home finance balance sheet portfolio saw a modest year-on-year increase from £1.168 billion to £1.186 billion. Overall origination, including assets originated for our forward flow partner has increased from £148 million to £245 million (increase of 65%).

In line with our home finance targets for the year, our total retail deposits remained stable, at £1.287 billion, compared to £1.289 billion in 2024.

Gatehouse Bank's return on tangible equity decreased from 4.15% in 2024 to (13.28)% in 2025, which reflects operating pressures and a delay in the sale of our subsidiary, that resulted in a loss relative to tangible capital. However, the Bank's strong performance in 2024 demonstrates its ability to generate value from its tangible equity base, highlighting its underlying capacity to deliver returns when conditions normalise.

The Bank's leverage ratio for 2025 remained strong, despite a modest year-on-year reduction from 7.29% in 2024 to 6.53% in 2025, indicating that Gatehouse Bank continues to hold a solid buffer of high-quality capital. The year-on-year movement

reflects manageable changes in exposures and capital levels, supporting continued confidence in the Bank's prudent capital management.

Due to the loss incurred during the year, the Bank's cost-to-income ratio increased from 93.94% in 2024 to 146.33% in 2025, which was exacerbated by the macroeconomic pressures outlined above. Cost efficiency remains a cornerstone that guides the Bank's management decisions, with significant technological investment undertaken in 2025 to help streamline our processes in 2026 and beyond.

The Bank's average risk weight saw an improvement from 43.61% in 2024 to 40.97% in 2025. This is due to the improvement in the overall quality and risk profile of the asset base, as assets attracted lower regulatory risk weightings. The trend supports more efficient capital usage by reducing risk weighted asset intensity while maintaining robust risk management standards.

Despite a slight decline in CET1 ratio (16.56% in 2024 to 15.74% in 2025), Gatehouse Bank continues to maintain a strong CET1 position which is well above typical regulatory thresholds. This stable capital base underscores disciplined balance-sheet management and provides ongoing resilience to support growth and absorb stress.

	2025	2024	% Annual change
Third party serviced home finance portfolio	£237.25 million	£108.38 million	118.91%
Gatehouse Bank on-balance sheet home finance portfolio	£1.186 billion	£1.168 billion	1.60%
Total serviced home finance portfolio	£1.423 billion	£1.275 billion	11.60%
Total retail deposits	£1.287 billion	£1.289 billion	(0.12)%
Return on tangible equity	(13.28)%	4.15%	(420.09)%
Leverage ratio	6.53%	7.29%	(10.38)%
Cost to income ratio	146.33%	93.94%	55.77%
Average risk weight	40.97%	43.61%	(6.07)%
CET1 ratio	15.74%	16.56%	(4.94)%

3 KPIs are calculated as follows:

Third party serviced home finance: Customers under a third party forward flow partnership, serviced by Gatehouse Bank.

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

Key Business Activity

Residential Property Financing

Our residential property finance products follow the Diminishing Musharakah financing structure, an Arabic term meaning joint venture. This involves partnering with the customer to jointly purchase the property, with their deposit representing the share of the property they initially own. Over the finance term, the customer leases the Bank's share of the property and pays rent on it, eventually buying it out, either gradually or in one final payment.

Our Home Purchase Plans (HPP) and Buy-to-Let (BTL) products are available to UK residents, UK expats and international residents, with the Bank also accepting BTL applications from UK registered corporate entities.

In 2025, our focus was to invest significantly in systems and technology to continuously streamline and improve our customers' experience and spearhead further growth in the future. In particular, we invested heavily in building a new underwriting system, which is currently in development, and is expected to significantly simplify the Bank's underwriting process. We have also piloted a new RICS surveyor expertise platform, enhanced with AI data, which provides fully compliant valuation reports without the need for physical surveyor visits to support individual applications. The platform has allowed the Bank's underwriting team to reach a decision much earlier in the application journey, ultimately leading to an enhanced customer experience.

We successfully went live with the Mortgage Brain sourcing platform, which significantly enhanced our distribution capability and allowed us to reach a broader intermediary audience. This integration allows brokers to access our products more easily and efficiently through a widely used and trusted sourcing system, improving visibility and supporting higher quality engagement across our broker network. The rollout represents an important step in strengthening our market presence and ensuring our proposition is accessible through the platforms brokers rely on most.



Limited edition Home Purchase Plan and Buy-to-Let Refinance Fee Saver products were introduced for UK residents who are refinancing from another provider.



In 2025, we simplified our requirements for landlords.

We continued to regularly review our home finance proposition and criteria to help more homebuyers and landlords in the UK and overseas to access the finance they need. To help advance this goal, we entered a new partnership with Algbra, a London-based, Shariah-compliant financial technology firm. As of early 2026, UK expats and international residents acquiring a home or investment property with Gatehouse Bank are now offered the chance to apply for a UK payment account with Algbra as part of the home finance process. This resolves a common challenge faced by customers residing abroad who do not have a UK payment account, which is required to make their finance payments.

For UK BTL customers, we made substantial improvements to our application process by significantly reducing documentation requirements. Where properties are self-financing, we streamlined our approach to require only essential information needed to progress an application. Later in the year, we extended this simplification to applications requiring top slicing, making the process more efficient for brokers and customers while still ensuring we provide finance responsibly.

In April, we re-entered the higher finance-to-value (FTV) market, aiming to support first-time buyers and other customers with smaller deposits with our range of HPP products of up to 95% FTV for UK residents. Later in the year, we introduced new limited edition Refinance Fee Saver HPP and BTL products for UK customers refinancing to Gatehouse Bank from another provider. These products require no product or application fees and a competitive rate within the market to offer a wider range of options for customers seeking Islamic finance.

We continued to receive positive feedback from our customers, with an average all-Bank net promoter score (NPS) of +68. This was bolstered by generally improved customer satisfaction across all surveyed stages of the home finance process, in particular at application stage, where the NPS peaked at +81.

We continued our strategy of embracing both direct and intermediated customers, strengthening relationships with brokers in the UK and overseas. In April, we hosted our first

event for our premier broker partners in London and attended events in Singapore, Turkey and the UAE throughout the year to strengthen relationships in key markets where we see significant interest for our residential property finance products.

In line with our strategy, our total home finance portfolio grew from £1.168 billion in 2024 to £1.186 billion in 2025. We also continued to originate off balance sheet, as per the terms of the agreement with our forward flow partner, contributing to total gross completions of £245 million for 2025.

Bridging Finance

Gatehouse Financial Group Limited has prepared a sister company to Gatehouse Bank, known as Gatehouse Capital Limited (GC), for launch in 2026. While the Bank has no equity in GC, it has assisted in an arms-length advisor capacity for fees in return to prepare it for launch. Gatehouse Capital, wholly owned by our Group holding company, anticipates launching in H1, 2026.

Savings

Our personal savings accounts – available to customers residing in the UK – include easy access accounts, fixed-term deposits and cash ISAs and notice accounts.

In 2025, our focus remained on continuing to deliver an excellent level of service for our customers, which was reflected in the excellent feedback we continued to receive. Over a rolling 12-month period to December 2025, our average Savings Net Promoter Score (NPS), stood at a strong +71. NPS scores assess customers' willingness to recommend Gatehouse Bank to others.

Our savings proposition is underpinned by our range of Woodland Saver fixed-term deposit and cash ISA accounts, which support UK woodland growth. For every account opened or renewed, we plant a tree on the customer's behalf in one of ten woodland projects, all of which are certified by the government's Woodland Carbon Code. Planting trees through our Woodland Saver accounts is facilitated by our partner, Forest Carbon, which provides assurance that the right type of trees are planted in suitable areas and that the woodlands are sustainably managed and protected in the long-term.



The Bank's Easy Access Account relaunched in 2025.

In 2025, we surpassed the milestone of 70,000 trees planted since the accounts launched in February 2021.

Our Woodland Saver accounts form a key part of the Biodiversity and Deforestation pillar of our ESG strategy (more information on this is available on page 26), which focuses on safeguarding ecosystems and forests through our products and operations. This initiative resonates strongly with our customers, with over 80% of our Woodland Saver customers consistently highlighting tree-planting as a key driver in their decision to open one of these accounts.

In line with our home finance targets for the year, our total savings deposits remained stable, at £1.287 billion, compared to £1.289 billion in 2024.

In 2026, our plan is to continue developing our savings proposition whilst upholding excellent levels of customer satisfaction. Our savings customers' deposits continue to be protected under the Financial Services Compensation Scheme (FSCS).

Build to Rent – Gatehouse Living Group

Gatehouse Living Group (GLG) was a wholly owned subsidiary of Gatehouse Bank. GLG is a vertically integrated residential investment and management platform, comprising of Gatehouse Investment Management and property manager, Ascend Estates Limited.

GLG holds a robust track record in the market, having invested over £1 billion in single-family rental homes and delivered over 5,000 homes nationwide. To date, Gatehouse Investment Management has established five institutional single-family rental platforms and Ascend now manages over 12,000 homes across the UK.

In 2025, the Group sold a 610-home Start Living single-family rental portfolio on behalf of investors, which is the third portfolio to be created, stabilised and exited by the Group. The portfolio included 578 two-to-four-bedroom homes and two low-rise apartments located across the West Midlands, Nottinghamshire, Lincolnshire and Merseyside. All homes had an EPC rating of B or higher, placing them in the top 10% for energy efficiency. The homes will continue to be managed by Ascend.

In the second half of the year, the Bank engaged in conversations with investors over the planned sale of Gatehouse Living Group to further grow Gatehouse Bank's capability. The deal was finalised in early 2026, with the Group sold to Apollo Commercial Real Estate Finance.

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.

Environmental, Social and Governance (ESG)

ESG forms an integral part of our ethos, as we see a natural alignment between the Shariah principles that underpin our operations and global frameworks for international sustainable development.

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, we do not invest in sectors deemed harmful by Shariah principles, including alcohol, gambling, tobacco, adult entertainment and the arms industry. In addition, Gatehouse Bank does not finance extractive activities such as coal or oil.

As a Bank, we have taken our commitment to advancing ESG even further by being a founding signatory to the UN Principles for Responsible Banking (UN PRB). Through this framework, 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 SG frameworks.

2025 marked the first full year of implementation of our current ESG strategy, which is central to our commitment to the UN PRB, as it guides our ethical and sustainable practices under four pillars where we can make the largest positive impact:

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

More information on our ESG strategy and progress against our targets can be found in Gatehouse Bank's Sustainability Report for 2025. A high-level summary of activity under each pillar is included below.

Biodiversity and Deforestation

This pillar focuses on safeguarding ecosystems and combating deforestation through responsible products and operational decisions. Our Woodland Saver Fixed Term Deposit and Cash ISA Accounts directly support this, with over 70,000 trees planted since the accounts launched in 2021.

Climate Change

As part of our efforts to mitigate our impact on the climate, we are committed to reducing our carbon footprint, including the emissions generated by our business operations, which have reduced by 19.3% since 2023.

2025 marked the fifth consecutive year of working with Carbon Neutral Britain to offset our operational emissions for the previous year, including Scope 1, Scope 2 and selected Scope 3 emissions, prepared in accordance with ISO 14064:1-2018 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.

The Bank's operational emissions include those produced across our four offices as well as the emissions from our colleagues' commuting and business travel. They also include the emissions from Gatehouse Living Group and its subsidiary companies, Gatehouse Investment Management and Ascend Estates.

We offset our operational emissions through Carbon Neutral Britain's Climate Fund portfolio of verified carbon offsetting projects. These projects are selected based on their impact and contribution to delivering the UN Sustainable Development Goals and are certified to the highest standards via the Verra – Verified Carbon Standard, the Gold Standard – Voluntary Emissions Reductions (VER) or the United Nations Certified Emission Reductions (CERs) programmes.

The Bank's report on its emissions sources and energy consumption for 2025 is detailed on the right, as required under the Companies Act 2006 Regulation 2013. In compiling this information, the Bank has adhered to the UK's Streamlined Energy and Carbon Reporting (SECR) regulations. Greenhouse gas emissions are reported as a single total by converting them into the carbon dioxide equivalent using the 2025 emission factors published by the Department for Energy Security and Net Zero.

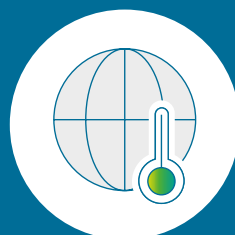
ESG Pillars



**Biodiversity and
Deforestation**



**Financial Education
and Inclusion**



Climate Change



**Community Health
and Wellbeing**

Gatehouse Bank Group⁴

Energy Source	2025 (tCO ₂ e)	2025 (kWh)	2024 (tCO ₂ e)	2024 (kWh)
Scope 1: Direct emissions from combustion of fuel (heating gas and vehicle fuel)	130.61	655,576	85.08	612,475
Scope 2: Indirect emissions from electricity purchased	22.77	109,996	27.89	157,568
Scope 3: Business travel, hotel stays and staff working from home	242.88	1,243,382	270.49	1,645,446
Scope 1 + 2 + 3	396.26	2,008,953	383.46	2,415,489
Environmental intensity indicator (tonnes of carbon dioxide per £1m gross income)	4.60		4.76	

⁴ The Gatehouse Bank Group comprises of Gatehouse Bank and its subsidiary, Gatehouse Living Group.

In 2025, our operational carbon emissions decreased compared to 2024, which was primarily driven by a reduction in air travel and continued progress in transitioning Ascend's vehicle fleet to hybrid vehicles. The emissions generated by office gas consumption also fell, which was due to the relocation of our Milton Keynes office to an electrically heated space during the year.

Meanwhile, there was an expected increase in emissions generated by colleagues' commutes, following an update to our Hybrid Working Policy requiring colleagues to attend the office two days per week. To help minimise our travel and commuting emissions, we continue to encourage colleagues to travel sustainably, including by offering a salary sacrifice scheme to support them with switching to hybrid or electric vehicles.

We recognise that offsetting alone will not tackle climate change and are committed to reducing our emissions and reaching net zero by 2050, in alignment with the Paris Climate Agreement and the UK government's legally binding target.

In 2025, we finalised our Net Zero Pathway based on the scenario analysis and recommendations provided by external consultants, Greengage. In the Net Zero Pathway, we have set targets for our financed emissions and have outlined the actions that we will take to reduce our financed and operational emissions. Our emissions targets are aligned with the Paris Agreement on climate change and the Financial Sector Science-Based Targets Guidance by the Science-based Targets initiative (SBTi).

Our green products are central to reducing our financed emissions and meeting our climate targets. In 2022, the Bank launched its green home finance product range, which offers customers a 0.10% discounted rental rate for homes with an energy efficiency rating of A or B. Customer uptake of our green home finance products has increased substantially since launch, with green home finance products representing 12% of our residential home finance portfolio as of 2025.

Community Health and Wellbeing

Having a positive impact on the health and wellbeing of our local communities is embedded across our culture. As part of this, colleague engagement is at the heart of everything we do, including through corporate giving, volunteering and fundraising for our Charity of the Year.

In 2025, 80% of Gatehouse Bank colleagues took part in fundraising activities, volunteering opportunities, or both, which reflects the highest level of community engagement in the Bank's history.

In 2025, we launched our first multi-year charity partnership with youth homelessness charity, Depaul UK. This three-year partnership was voted on by colleagues, with housing having been identified as a key impact area in the UK in our impact analysis.

Throughout the year, colleagues across the Bank organised fundraising activities in aid of Depaul UK – from a Bank-wide wellbeing challenge, "Feel Good February" with 91 participants, skydives and two international treks, to rooftop yoga and sponsored runs. To boost our colleagues' fundraising efforts, the Bank hosted a month-long campaign known as Gatehouse Giving Month, aiming to raise awareness and funds for Depaul UK and encourage colleagues to volunteer in their local communities.

Collectively, our fundraising efforts amounted to over £26,000 raised, which helps provide over 300 safe nights for young people provided through Depaul UK's emergency accommodation service.

At the heart of our commitment to advancing community health and wellbeing lies our volunteering policy, which offers colleagues two paid days of volunteering leave every year. In 2025, we saw the highest uptake of this initiative since its inception, with 137 colleagues contributing their time and skills to help community organisations that align with our ESG strategy. Activities included planting trees, supporting vulnerable groups and helping others boost their financial literacy. When surveyed, 100% of colleagues who took part

in the Bank's volunteering programme said they would recommend volunteering to someone else, with an average rating of 4.9 out of 5 stars.

The Bank continued its sponsorship of community sports club, Hyderi Sports Association and expanded its colleague-nominated community sports fund by continuing support for two teams from 2024 and welcoming four new teams to the fold. New partner teams received Gatehouse Bank-branded sports kits and existing teams received supplementary equipment.

Financial Education and Inclusion

Of the total funds raised for Depaul UK, £10,000 was donated directly to the charity's Education Programme, which helps young people better understand homelessness, raises awareness of where they could turn for help and empowers them to make safer choices.



During Talk Money Week, the Bank announced a three-year partnership with Young Enterprise, a national finance and enterprise education charity.

To further build on our work in driving financial education and inclusion, we launched a new three-year partnership with national employability and financial education charity, Young Enterprise.

Over the three-year period, Gatehouse Bank will work with two schools based in communities local to the Bank's colleagues and offices through the Young Enterprise Centres of Excellence programme. Following this, a bespoke financial education resource, incorporating Islamic finance, will be created and colleagues across the Bank will be trained to deliver the resource in the final year of the partnership.

Diversity, Equity and Inclusion (DE&I)

Diversity, equity and inclusion 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. Our DE&I Forum, which is made up of colleagues from across the Bank, continues to champion and drive meaningful initiatives which raise awareness, encourage collaboration and promote a workplace where everyone can thrive.

Each year, the Bank conducts an anonymous DE&I survey to understand how colleagues experience inclusion and measure progress on issues that matter the most to them.

In 2025, participation, which is voluntary, remained high, with 81% of colleagues completing the survey. The results indicated that colleagues wanted more focus on:

Cultural Awareness

Our DE&I Forum volunteers continued to raise awareness of key religious celebrations and significant global events, including Chinese New Year, Ramadan, Lent, Eid, Easter and Diwali.

We also held an internal Iftar event during Ramadan, bringing colleagues together to share in the spirit of reflection and community. Similarly, we have commemorated other religious celebrations such as Diwali by sharing food with one another in our office locations.

Inclusion

In 2025, the DE&I Forum continued to commemorate and raise awareness of various days of significance, including Carers Week, World Autism Day, International Day of Persons with Disabilities, Deaf Awareness Week 2025 and World Dyslexia Awareness Day 2025.

Neurodiversity

We offered optional training for all colleagues to raise awareness of neurodiversity, covering various conditions and providing guidance on how to offer support to colleagues with different needs.

Psychological Safety

We provided tailored psychological safety training, with separate sessions for line managers and colleagues. This also included specialised training for our Executive team to ensure leadership is equipped to continue fostering a psychologically safe environment across the Bank. This training included topics such as microaggressions and where to seek support if needed, ensuring that all colleagues have the tools and knowledge to maintain a respectful and safe environment in line with our Values and Behaviours.

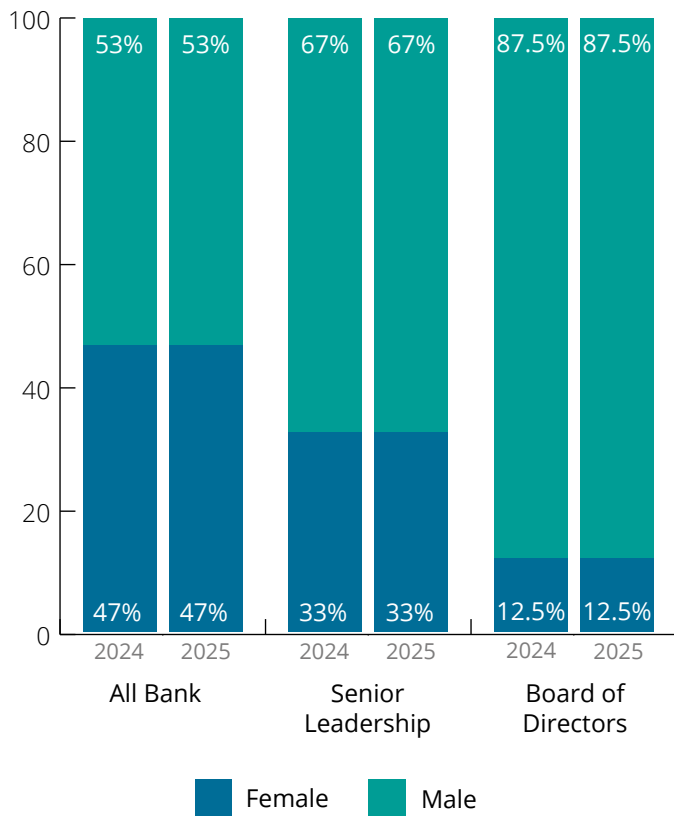
At Gatehouse Bank, we consider our recruitment and pay practices to be fair and equitable and continuously review our policies and processes to identify opportunities for improvement. The graphs and table above show the ethnic and gender diversity percentages in 2024 compared with 2025.¹

As of 31 December 2025, our gender pay analysis shows a mean gap of 26% (down 5% on the previous year) and a median gap of 20% (down 1% on the previous year) between men and women across the Bank.

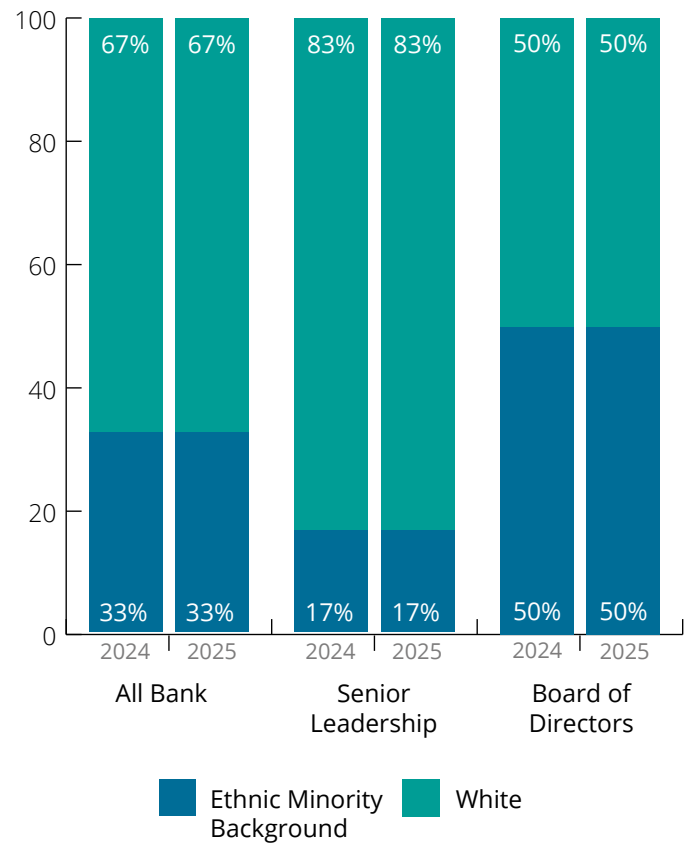
The key contributing factor to this gap is the higher representation of men in Executive-level roles, while a greater proportion of women are currently employed in roles within the lower pay quartiles – a pattern that reflects broader trends across the financial services industry. During the previous Pay Review cycle, work was undertaken to help colleagues in the lower grades progress more swiftly through their salary range. The positive effects of this exercise are reflected through the reduced pay gap listed on the right.

¹ 'White' and 'Ethnic minorities' are the terms recommended by the Office of National Statistics. The Gatehouse definition of 'White' consists of: English, Welsh, Scottish, Northern Irish, British, Irish and Any Other White Background.

Gender - 2024 v 2025



Ethnicity - 2024 v 2025



	All Bank	Senior Leadership	Board of Directors
Ethnicity	» 33% (63) Ethnic Minority Group » 67% (129) White » 1% (2) Unknown	» 17% (1) Ethnic Minority Group » 83% (5) White	» 50% (4) Ethnic Minority Group » 50% (4) White
Gender	» 47% (92) Female » 53% (102) Male	» 33% (2) Female » 67% (4) Male	» 12.5% (1) Female » 87.5% (7) Male

The results are broken down by quartile in the chart below.

The unequal numbers in each quartile are due to hourly rates spanning the quartile boundaries. An hourly rate can only appear in one quartile, therefore the boundary shifts, affecting distribution of numbers in each quartile.

Quartile	Number	Male (No)	Female (No)	Male (%)	Female (%)
Lower	47	19	28	40.40%	59.60%
Lower Middle	47	23	24	48.90%	51.10%
Upper Middle	46	31	15	67.40%	32.60%
Upper	45	27	18	60.00%	40.0%

Partnerships, Affiliations and Sponsorships

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.

Partnerships and Affiliations



Carbon Neutral Britain is a leading emissions offsetting initiative in the UK, providing offsetting projects that are certified to the highest standards and are regulated through the Verra - Verified Carbon Standard (VCS), the Gold Standard - Voluntary Emission Reductions (VER) and the United Nations - Certified Emission Reductions (CER) programmes.

Gatehouse Bank works in partnership with Carbon Neutral Britain to offset the Bank's operational carbon emissions and to maintain its certification as an operationally carbon neutral business since 2021. 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 and relocating our offices to reduce colleague travel distances and move away from our previous gas-heated office space.



Depaul UK is a youth homelessness charity providing support for young people at risk of homelessness across the UK. The charity offers a wide range of services including early intervention, emergency accommodation, longer-term supported accommodation and wrap-around support programmes, empowering young people with the skills and confidence to build resilience, fulfil their potential and contribute to their community.

In 2025, Gatehouse Bank entered a three-year partnership with Depaul UK, after its colleagues selected Depaul UK to be the Bank's charity partner. Throughout the year, colleagues across the Bank engaged in fundraising activities in aid of Depaul UK as well as volunteering activities to support young people facing homelessness.



Founded in 2006, Forest Carbon is a leading organisation in woodland creation and peatland restoration projects for carbon capture and ecosystem services in the UK.

Through its Woodland Saver accounts, Gatehouse Bank works in partnership with Forest Carbon to support the creation of critical UK woodland. For every fixed term deposit or cash ISA account opened or renewed, we work with Forest Carbon to plant a tree in a certified UK woodland project on behalf of our customers. The quality of the woodland schemes that we support is assured by the UK Government's Woodland Carbon Code. In 2025, we surpassed the significant milestone of 70,000 trees planted through the Bank's Woodland Saver accounts since they were launched in 2021.

The Bank also partners with Forest Carbon for its green home finance product, which support customers who are purchasing or refinancing a home with an energy efficiency rating of A or B. Under this scheme, qualifying customers receive a rental 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 that we support through our partnership with Forest Carbon are outside the UK and are certified as per Verra (VCS) - Verified Carbon Standard.



In 2025, Gatehouse Bank continued its longstanding partnership with the Global Ethical Finance Initiative, a non-profit organisation seeking to drive the financial sector towards positive social and environmental change. As well as delivering practical projects, the organisation curates independent conversations among a coalition of financial services stakeholders, serving as a hub at the centre of the ethical, responsible and sustainable finance movement.

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. In 2025, representatives from Gatehouse participated in panel discussions covering a range of topics about Islamic and sustainable finance as part of GEFI's virtual Ethical Finance ASEAN 2025, SDG Hive ASEAN in Kuala Lumpur, Ethical Finance GCC Summit in Dubai and Edinburgh Finance Festival events.



Greengage is a multidisciplinary sustainability consultancy offering strategic consulting services across the UK. Throughout 2024 and 2025, Gatehouse Bank worked with Greengage's ESG and Net Zero team to assess the financed emissions of its home finance portfolio, establish a verifiable carbon baseline and set Science-Based Targets initiative (SBTi)-aligned targets. To support our target setting, Greengage also conducted net zero scenario analysis to assess the impact of anticipated regulatory and key policy changes on the Bank's projected emissions trajectory. This work has supported the Bank with the development of its net zero pathway and will continue to inform the development of financial products and services to enable our net zero transition by 2050.



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 five 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 Islamic Sustainable Finance Initiative.

In 2025, Gatehouse Bank took part in a roundtable discussion organised by the UKIFC on Key Trends in Islamic Finance, providing an update on challenges and opportunities for the UK's Islamic finance sector.



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 set out a vision for what a global responsible banking sector looks like and provides a framework for the financial sector to demonstrate how it makes a positive contribution to society. In becoming a signatory to the Principles, Gatehouse Bank has committed to aligning its strategy and practices to society's goals, as set out by the UN's Sustainable Development Goals, the Paris Climate Agreement and other relevant frameworks that identify the most pressing social, environmental and economic needs of our time.

Gatehouse Bank is an active member of the global community of signatory banks, having participated in multiple work tracks to develop and share best practice for responsible banking.



Young Enterprise is the UK's leading financial and enterprise education charity and helps young people build confidence, manage money, discover entrepreneurship and shape their own future.

In 2025, Gatehouse Bank launched a three-year partnership with Young Enterprise in alignment with our commitment to financial education and inclusion. Over the course of the partnership, we will work with two schools in communities local to our offices, supporting them to become Centres of Excellence in financial education. Following on from this, we will work with Young Enterprise to create a bespoke financial education resource incorporating Islamic finance principles, which will be delivered by our colleagues from the partnership's final year.

Sponsorships



Bugbrooke Blacks Under 14s

Established in 1929 and affiliated to the Northamptonshire Football Association, Bugbrooke Blacks are an England accredited club that has expanded rapidly over the years with ambitions to match. In 2025, Gatehouse Bank partnered with the Bugbrooke Blacks Under 14s as part of its community sports fund, providing the team with new branded sports kits.



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.

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.



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. The Hurdsfield Phoenix Vipers have been part of Gatehouse Bank's community sports fund since 2024, receiving branded sports kits and rain jackets.



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 ages and abilities. Gatehouse Bank has been in partnership with Match Point Tennis Coaching as part of its community sports fund since 2024, supplying the team with new branded sports kits.



Matthiola Junior Football Club Under 6s

Matthiola Junior Football Club (JFC) Under 6s team is a boys' football team based in Cheshire and formed in 1996. The club is completely non-profit and all club coaches, helpers and committee members are volunteers. In 2025, Gatehouse Bank welcomed Matthiola Junior Football Club Under 6s as part of its community sports fund, providing new branded sports kits to the team.



South London Schools Football Association Under 15s

Established in 1885, South London Schools FA is one of the oldest school football associations in the world, providing district football opportunities for boys and girls attending schools across Lambeth and Southwark. The Association continues to offer inclusive and competitive football experiences that help young players grow both on and off the pitch.

In 2025, the South London Schools Football Association Under 15s team joined our community sports fund and the Bank provided new branded sports kits to the team.



Monk Fryston Under 14s

Monk Fryston United Football Club Under 14s is a club based in North Yorkshire that is driven by a mission to inspire every participant to enjoy playing their best football game. Gatehouse Bank partnered with Monk Fryston Under 14s in 2025 as part of its community sports fund, supplying the team with new branded sports kits.



Tigers Junior Football Club

Gatehouse Bank sponsored the Tigers Junior Football Club based in Hornchurch, Essex, from September 2024 to August 2025 as part of its community sports fund, providing new branded sports kits to its members.

The club was awarded the highest standard of Charter Standard Community Club status by the FA and had both male and female teams between the ages of seven and 18 who competed in the Echo Junior Football League, Chelmsford Youth League, Essex County Girls League and Essex County Women's League, among others.



MK United Cobras and MK United Blues

From September 2024 until August 2025, Gatehouse Bank sponsored the MK United Cobras and MK United Blues, which are both part of Milton Keynes United Football Club. During the course of the partnership, Gatehouse Bank provided both teams with new branded sports kits.

Sponsorships



After a successful first year, the Bank have expanded the community sports fund to support four new sports teams local to the Bank's colleagues and offices. All new teams have been supplied with Gatehouse Bank branded kits.



Hyderi Sports Association, the Bank's community sponsorship partner, hosted the 25th annual Volleyball Mulla Asghar Memorial Tournament at Crystal Palace National Sports Centre, bringing together teams from across Europe.



Young athletes at Match Point Tennis competed in multi-club competitions wearing Gatehouse Bank sponsored sports kits.



All five teams in the Bank's Community Sports Fund have endorsed the Bank through the Bank's brand. Pictured are the Hurdsfield Phoenix Vipers wearing their Gatehouse branded sports kit.

Principal Risks and Uncertainties

Gatehouse Bank continuously monitors, amongst other things, economic indicators including employment, inflation and interest rates, to identify risks that may impact our business and our customers.

As part of the process in setting the Bank's Risk Appetite Statement (RAS) for 2025, risks material to the Bank were identified and quantified. This quantification process comprises a combination of a top-down risk assessment of the Bank's strategy, its ongoing business activity and the wider market, as well as a bottom-up assessment of key risks arising from ongoing operational activity. In assessing the potential risks arising from the market and UK economy, the Bank considers a range of forward-looking economic forecasts to determine the appropriate level of risk tolerance.

Each principal risk category is further defined by a suite of measures, which are monitored against thresholds and reported to our Executive Risk Committee, Executive Committee and the Board.

Market Risk

Market Risk is the risk of loss arising from adverse changes in market prices, in particular changes in profit rates, foreign exchange rates, equity prices, commodity prices and other relevant parameters, such as market volatility and correlation. Market risk is the potential change in the fair value of financial instruments in response to market movements – a typical transaction may be exposed to different market risks. Due to the nature of our business, Gatehouse Bank is primarily exposed to profit rate risk. Property valuation changes are monitored via Early Warning Indicators and presented to our Asset Liability Committee and Executive Risk Committee.

Credit Risk

Credit risk refers to the potential financial loss that the Bank may face if a client or market counterparty fails to meet their contractual obligations. Key constituents are:

Counterparty Risk, incorporating Liquidity Risk on Collateral, Concentration Risk, and the crystallisation of any valuation loss (including off balance sheet assets) following the formal default of the counterparty.

- » Default Risk, where an event of default (or similar) causes a stressed loss in the Bank's assets through either the customer's (HPP and BTL) or the client's (REF) inability to repay their obligation.
- » Other credit-relevant risks, for example, reputational risk, litigation risk (involving challenges to the legal framework in which historical business has been conducted), tertiary risk (the potential loss of the Bank's or counterparty's assets from fraud at a custodian) and climate change risk (potential loss to the collateral arising from climate change).

Liquidity and Funding Risk

Funding refers to the sources and products, through which the Bank builds a liability base in order to finance the assets on the balance sheet. Liquidity risk refers to the risk of suffering losses (or failure) due to the inability to settle obligations when they fall due or becoming subject to markedly higher financing costs than usual because of an abrupt change in market conditions or a worsening of the Bank's terms of finance.

By identifying the key liquidity and funding risks faced by the Bank, the mitigations the Bank has in place against these risks and the amount of liquidity that should be always held against these risks, allows the Bank to meet the twin obligations of its regulatory requirements and its own internal liquidity risk appetite.

Regulatory Risk

Regulatory Risk, as defined by the FCA, is the risk that firms' behaviours may result in poor outcomes for the consumer including an adverse effect on market stability or effective competition. It is the risk that the conduct, act or omissions of the firm, or individuals within the firm will:

- a. Deliver poor or unfair outcomes for the customer (retail or wholesale) or
- b. Adversely affect market integrity

The Bank is authorised by the Prudential Regulation Authority (PRA) and is regulated by the PRA and the Financial Conduct Authority (FCA) (referred to as a dual regulated firm). The Bank is committed to applying high standards of compliance and, as a regulated entity, is required to comply with the Financial Services and Markets Act (FSMA), and related regulation such as that defined by the PRA and FCA.

The Bank is required to comply with other specific legal and regulatory obligations such as in relation to Data Protection, the Companies Act, Financial Crime and other relevant regulatory matters. As a Shariah-compliant Bank, the Board and senior management place significant importance on ethical conduct for all the Bank's activities and therefore ensures that it has systems and controls in place to ensure compliance with new or existing legislation and regulations in which it operates in.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. The definition includes cyber risk and 3rd party outsourced providers.

Operational Risk will always exist wherever there are operational processes and systems, be it automated or manual, complicated or simple as any form of organised human endeavour or activity with intrinsic value may give rise to potential operational risk.

It is a practice which contributes to our continuous growth and development (valuable learning can be obtained from both good and bad experience) and analysing what we need to do to achieve successful results. We look to monitor the first line and ensure that internal processes, people and systems are working sufficiently and that they are prepared for any potential external and emerging events that may cause impact.

At Gatehouse Bank, operational risk is managed through several processes based on "The Three Lines of Defence" model. These include, but are not limited to, risk and control self-assessments, risk incident monitoring and testing, key risk indicators and reviews. All these processes help the Bank to identify, assess, measure and mitigate risks whilst ensuring the correct controls are in place and are effective.

Business and Strategic Risk

Business risk incorporates the risk arising from an inadequate business strategy or from an adverse shift in the assumptions, parameters, goals and other features that underpin a strategy. It is therefore a function of the Bank's business goals, the business strategies developed to achieve these goals, the resources deployed in pursuit of these goals, the quality of implementation of these resources and external events which may affect the Bank being able to achieve its business goals.

Business risk is material for Gatehouse Bank considering the forthcoming venture into a new business area. The Bank's business plan focuses heavily on a new asset class to generate revenues. Therefore, there is inherent risk in this strategy not being executed and resulting in the Bank not being able to carry out its business plan and desired strategy as initially anticipated. As detailed in our Risk Appetite Statement, financial performance and capital adequacy are key areas we monitor.

The Bank's Board of Directors are responsible for approving and monitoring our overall business strategy, considering the Bank's long-term financial interests, its exposure to risk and its ability to manage risk effectively. Under the SMF regime, our Chief Risk Officer ensures that strategy decisions also consider risk and reflect a balanced approach to risk and reward. The Board has overall responsibility for Gatehouse Bank, ensuring it is appropriately managed and achieves its objectives.

The Bank's principal risks and uncertainties are further discussed in detail in Note 36.

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 the foreseeable future. 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
16 April 2026

Community Fundraising



Daniel Webley, Product Risk Analyst, undertook two impressive fundraising challenges in 2025 for Depaul UK. He climbed Mount Toubkal in Morocco and also participated in the Carsington Water Half Marathon, raising over £500.

Rachael Snelling, Head of Marketing and Communications, leapt an impressive 12,000 feet to fundraise for Depaul UK.



Colleagues from the London office successfully completed the 21km length of the Victoria Underground Line with weighted backpacks and visited one of their centres in Brixton to raise funds for Depaul UK.

Community Fundraising



Ashleigh Clark, our PR & Communications Officer, led a rooftop yoga session to raise funds for Depaul UK. As a qualified yoga instructor, Ashleigh donated her time to bring colleagues together for a great cause.



Dr. Usman Chaudry, our Chief Risk Officer, also climbed Mount Toubkal, the highest peak in North Africa for Depaul UK. Over the course of two days, Usman scaled an impressive 3,500 metres towards the summit.

Our colleague Ben O'Sullivan, Operational Risk Analyst, took on the Royal Parks Half Marathon in London despite being new to running.



Leaping 13,000 feet from the skies, Nasreen Abdul, Project Manager, took her fundraising challenge to new heights by completing a tandem skydive.

Shariah Supervisory Board Report for the Year Ended 31 December 2025

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 2025 to 31 December 2025 (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

16 April 2026

Our Ethical Approach

Balanced Banking



In line with the Shariah principles they follow, our products are transparent, fair and socially responsible. We do not fund harmful sectors, including 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 for international sustainable development.

Charity Partnership



In 2025, Gatehouse Bank extended its partnership with youth homelessness charity, Depaul UK, until 2027. The charity provides 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.

Directors' Report for the Year Ended 31 December 2025

The directors present their report and the consolidated financial statements for the year ended 31 December 2025.

The Corporate Governance Statement set out on pages 16 to 21 forms part of this report. The strategic report starting on page 22 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 37.

Dividends

No dividends were paid during the year (2024: £nil). The Directors do not recommend a final dividend on ordinary shares to be paid in respect of the year (2024: £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 16. 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 40 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.

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 other relationships

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.

Reappointment of auditors

The Bank had appointed Forvis Mazars LLP as its external auditor in 2024. Forvis Mazars LLP 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.

Charitable donations

The Bank made no political contributions (2024: £nil) and £14,556 of charitable donations (2024: £7,760) during the year.

Directors' emoluments

Directors' emoluments are set out in note 8 of the financial statements, including the remuneration of the highest paid director.

Disclosure of information to the 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.

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

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 2025 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 36.



Subsequent events

Events after reporting period of 31 December 2025 have been disclosed, if any, in note 37.

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 2025.

The Board was keen to ensure that there was no deterioration in customer service levels during 2025 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 2025 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.

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 on 16 April 2026 and signed on its behalf by:



Danesh Mahadeva
Chief Financial Officer



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.

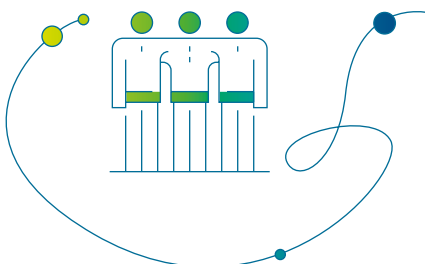
Open



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.

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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 the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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

the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the UK 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.

Approved by the board on 16 April 2026 and signed on its behalf by:



Danesh Mahadeva
Chief Financial Officer

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 2025, which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Statement of Financial Position, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, Statement of Cash Flows, and Notes to the Financial Statements, including material accounting policy information, excluding the Pillar 3 Disclosures and the Capital risk management disclosures included within note 36 to the consolidated financial statements, which are marked as unaudited.

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 the parent company's affairs as at 31 December 2025 and of the group's loss for the year then ended;
- » have been properly prepared in accordance with UK adopted IFRSs; and 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 director's 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;
- » Evaluating the directors' going concern assessment of the group and the parent company and 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 regulatory expert, assessing the latest Internal Capital Adequacy Assessment Process ('ICAAP') and Internal Liquidity Adequacy Assessment Process ('ILAAP'), and its reverse stress testing;
- » Testing and assessing the accuracy and functionality of the model used to prepare the directors' forecasts, including back-testing to evaluate the historical accuracy of management's forecasting and budgeting;
- » Performing a sensitivity analysis by incorporating various stress scenarios to assess the impact on the capital and liquidity position of the parent company;
- » 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'), and attending bilateral meetings with the PRA;
- » Considering the consistency of the directors' forecasts with other areas of the financial statements and our audit;
- » Considering whether there were events subsequent to the balance sheet date which could have a bearing on the group's and the parent company's going concern conclusion.
- » Reviewing the 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 Matter	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: £12.5 million; (2024: £9.8 million) <i>Refer to Note 3 Significant accounting judgements, estimates and assumptions, Note 17 Financing and advances at amortised cost, and Note 36 Risk Management.</i> The parent company has diverse loan portfolio involving Residential Property Finance (RPF) and Real Estate Finance (REF).	Our audit procedures included, but were not limited to: Model estimation » Identifying key controls including IT dependent manual controls relating to data inputs, computations, review and approval of the ECL included in the consolidated financial statements; » Evaluating the design and implementation as well as test 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 and 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; - staging of loans into the respective categories; - significant increase in credit risk testing on internal credit ratings, credit quality reviews 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.
The estimation of expected credit losses on loans and advances to customers is complex and inherently judgemental due to the use of subjective forward-looking assumptions. The most significant areas where we have identified greater levels of management judgement are: » Model estimation - Key assumptions on staging of loans and advances as well as significant increase in credit risk ('SICR') triggers which affect the PD, LGD and EAD; » Macro-economic scenarios and weightings- The use of macro-economic variables ('MEVs') reflecting a range of future scenarios which affect the PD;	» Performing a sensitivity assessment to analyse the impact changes in key assumptions, such as PD and LGD, make to the overall ECL output; » Performing independent credit file reviews on sample of RPF and REF loan portfolios as at 31 December 2025 to assess the appropriateness of staging and inputs to the ECL model; » Engaging our credit risk specialists to develop an understanding of the model code, performing assessment for compliance with management's ECL methodology, and testing the mathematical accuracy of the calculation through independent model re-run; » 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. Macroeconomic scenarios and weightings » 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; LGD assumptions » With the support of our real estate experts, performing an independent assessment of the value of collateral used in LGD assumptions; » Challenging management assumptions on the expected recoveries and future cash flows used in the LGD model; and

Key Audit Matter	How our scope addressed this matter
The effect of these matters is that the 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. In addition, the ECL model used by the parent company requires model inputs from a range of sources where manual intervention is required. Sources include operating system data, credit risk management committee minutes, internal rating scorecards and facility agreements. These inputs particularly impact the accuracy of PD and EAD. The manual nature of the process increases the likelihood of error or omission.	Post model adjustments Challenging and independently evaluating the completeness and sufficiency of management's assumptions on the calculation of post model adjustments. Our observations We found the approach taken in respect of valuation of ECL on loan portfolios as at 31 December 2025 was reasonable and consistent with the requirements of IFRS 9. The disclosures in the financial statements have been prepared in accordance with UK-adopted International Accounting Standards.
Recoverability of deferred tax asset (DTA) Group and parent company: £9.4 million (2024: £7.4 million) <i>Refer to Note 3 Basis of preparation and significant accounting policies-Taxation and Note 13 Taxation</i> 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 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 is 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. We have identified this area as significant risk and a key audit matter in our audit as it involves 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 consolidated financial statements; and » 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 data 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; and » 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 asset balance is reasonable. The disclosures in the financial statements have been prepared in accordance with IAS 12.

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	£957,660 (2024: £1,023,465)
How we determined it	1% of net assets (2024: 1% of net assets)
Rationale for benchmark applied	Due to the volatility of profits, net assets are considered to most appropriately reflect the size of the group's operations. Furthermore, net assets 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.
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 £478,830 (2024: £409,386), which represents 50% (2024:40%) 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 £28,700 (2024: £30,704) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Parent company materiality

Overall materiality	£1,097,900 (2024: £912,790)
How we determined it	1% of net assets (2024: 1% of net assets)
Rationale for benchmark applied	Due to the volatility of profits, net assets are considered to most appropriately reflect the size of the parent company's operations. Furthermore, net assets 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.
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 £548,950 (2024: £362,354), which represents 50% (2024: 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 £32,937 (2024: £27,384) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

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 our opinion on the group financial statements, all components were audited by the group audit team.

A full scope audit was carried out on one component, ie, the parent company, which accounted for 99% of interest income, 100% of loss before tax, 91% 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 Consolidated 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.

Opinion on other matter 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 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 46, 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.

Auditor 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:

- » Gaining 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, and 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 the 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 manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognition (which we pinpointed to the accuracy), 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;
- » Inspecting evidence for items held in bank reconciliations and suspense accounts;
- » Addressing the risks of fraud through management override of controls by performing journal entry testing; and
- » 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 for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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 2025 and subsequent financial periods. The period of total uninterrupted engagement is two years, covering the years ended 31 December 2024 to 31 December 2025.

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 our report

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



Poppy Proborespati (Senior Statutory Auditor)

For and on behalf of Forvis Mazars LLP, Statutory Auditor

30 Old Bailey
London
EC4M 7AU

16 April 2026





Consolidated Financial Statements

for the year ended 31 December 2025



Consolidated Income Statement

		Year ended 31-Dec-2025	Year ended 31-Dec-2024
	Notes	£'000s	£'000s
Income			
Income from financial assets held at amortised cost	4	65,700	66,694
Charges to financial institutions and customers	28	(50,933)	(51,092)
Fees and commission income	27	2,704	917
Foreign exchange gains	5	211	137
Net (loss)/gains from financial assets at fair value through income statement (FVTIS)	6	(2,052)	2,287
Net gains from financial assets at fair value through other comprehensive income (FVTOCI)		885	344
Impairment (charge) / release	10	(2,725)	192
Total operating income		13,790	19,479
Expenses			
Staff costs	7	(19,031)	(14,881)
Depreciation and amortisation	23, 24	(1,043)	(931)
Other operating expenses	9	(8,954)	(7,081)
Total operating expenses		(29,028)	(22,893)
Operating loss		(15,238)	(3,414)
Loss before tax		(15,238)	(3,414)
Income tax receipt	13	1,947	2,167
Loss after tax for the year from continuing operations		(13,291)	(1,247)
Discontinued operation			
Profit after tax for the year from Discontinued Operations	20	1,924	5,047
(Loss)/profit for the year		(11,367)	3,800
Profit/(loss) attributable to:			
(Loss)/profit attributable to the Bank's equity holders		(11,367)	3,800

The notes on pages 67 to 126 form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

	Notes	Year ended 31-Dec-2025 £'000s	Year ended 31-Dec-2024 £'000s
(Loss)/profit for the year after tax		(11,367)	3,800
Items that may be reclassified subsequently to profit or loss			
Gains on FVOCI investments		761	344
Income tax effect		-	-
		761	344
Total comprehensive (loss)/income for the year		(10,606)	4,144
Total comprehensive income attributable to:			
(Loss)/profit attributable to the Bank's equity holders		(10,606)	4,144



The notes on pages 67 to 126 form an integral part of these financial statements.

Consolidated Statement of Financial Position

	Notes	Year ended 31-Dec-2025 £'000s	Year ended 31-Dec-2024 £'000s
Assets			
Cash and balances with banks		24,599	27,823
Derivative financial instruments *	14	2,348	11,337
Financing and advances at amortised cost *	17	1,264,559	1,315,936
Fair value of hedged assets in portfolio hedges of interest rate risk *	14	2,377	(371)
Financial assets held at FVTOCI	19	38,098	28,282
Financial assets held at FVTIS	18	2,827	8,228
Intangible assets	23	2,849	6,644
Property, plant and equipment and right-of-use assets	24	1,126	945
Assets in disposal groups classified as held for sale	20	13,551	-
Other assets	27	36,503	8,857
Deferred tax assets	13	9,374	7,427
Total assets		1,398,211	1,415,108
Equity and liabilities			
Equity			
Share capital	33	150,049	150,049
Fair value through other comprehensive income reserve		(3,616)	(4,377)
Reserve as a result of subsidiary acquisition		(15,917)	(15,917)
Retained earnings		(34,750)	(23,383)
Equity attributable to owners of the company		95,766	106,372
Liabilities			
Financial liabilities measured at amortised cost	28	1,287,404	1,288,977
Derivative financial instruments *	14	2,736	11,110
Other liabilities	29	7,562	8,649
Liabilities directly associated with assets in disposal groups classified as held for sale		4,743	-
Total liabilities		1,302,445	1,308,736
Total equity and liabilities		1,398,211	1,415,108

*Prior year restatement note is disclosed in Note 14 and Note 17.

Approved by the board on 16 April 2026 and signed on its behalf by:



Charles Haresnape
Chief Executive Officer



Danesh Mahadeva
Chief Financial Officer

The notes on pages 67 to 126 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

	Share capital	Reserve as a result of subsidiary acquisition	Fair value through other comprehensive income reserve	Retained earnings	Total equity
	£'000s	£'000s	£'000s	£'000s	£'000s
At 1 January 2025	150,049	(15,917)	(4,377)	(23,383)	106,372
Loss for the year from continued operations	-	-	-	(13,291)	(13,291)
Profit for the year from discontinued operations	-	-	-	1,924	1,924
Other comprehensive income	-	-	761	-	761
Total comprehensive (loss)/income	-	-	761	(11,367)	(10,606)
At 31 December 2025	150,049	(15,917)	(3,616)	(34,750)	95,766

	Share capital	Reserve as a result of subsidiary acquisition	Fair value through other comprehensive income reserve	Retained earnings	Total equity
	£'000s	£'000s	£'000s	£'000s	£'000s
At 1 January 2024	150,049	(15,917)	(4,721)	(27,183)	102,228
Loss for the year from continued operations	-	-	-	(1,247)	(1,247)
Profit for the year from discontinued operations	-	-	-	5,047	5,047
Other comprehensive income	-	-	344	-	344
Total comprehensive income	-	-	344	3,800	4,144
At 31 December 2024	150,049	(15,917)	(4,377)	(23,383)	106,372

The notes on pages 67 to 126 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

	Notes	Year ended 31-Dec-2025 £'000s	Year ended 31-Dec-2024 £'000s
Cash flows from operating activities			
Loss after tax for the year from continued operations		(13,291)	(1,248)
Profit after tax for the year from discontinued operations		1,924	5,048
(Loss)/profit for the year		(11,367)	3,800
Adjusted for:			
Depreciation and amortisation	11, 23, 24	1,043	930
Negative / (positive) revaluation of financial instruments held at FVTIS (unquoted investments)	6	207	(1,969)
Fair value movement in financial instruments held at FVTIS (derivative financial instruments)	6	1,844	341
Foreign exchange gains		(321)	(120)
Income tax expense	13	(1,947)	(2,167)
Impairment charge / (release)	10	2,725	(192)
Adjustment for HFS		3,134	3,148
Net decrease/(increase) in operating assets:			
Net (increase)/decrease in other assets		(30,867)	(964)
Changes in financing and advances at amortised cost	17	52,974	36,152
Fair value movement in financial instruments held at FVTIS (derivative financial instruments)		(8,196)	(4,080)
Changes in assets and liabilities held for sale		(4,183)	(3,876)
Intercompany payable receivable		51	-
Net decrease/(increase) in operating liabilities:			
Changes in financial liabilities measured at amortised cost	28	(2,094)	(27,632)
Net increase in other liabilities		2,578	(534)
Cash generated from operations		5,581	2,837
Income taxes paid		(1,506)	(850)
Net cash flow from operating activities		4,075	1,987
Cash flows from investing activities			
Acquisitions of property plant and equipment	24	(278)	(150)
Proceeds from sale of property plant and equipment		57	30
Acquisition of intangible assets	23	(1,535)	(1,057)
Purchases of financial assets held at FVOCI		(14,050)	(15,693)
Proceeds from sale of financial assets held at FVTOCI		5,098	7,254
Purchase of financial assets held at FVTIS (unquoted investments)		(143)	(1,775)
Held for sale Investing activities		(647)	(1,391)
Proceeds from sale of financial assets held at FVTIS (unquoted investments)		4,394	14,735
Net cash flows from investing activities		(7,104)	1,953

The notes on pages 67 to 126 form an integral part of these financial statements.

Consolidated Statement of Cash Flows (cont.)

	Notes	Year ended 31-Dec-2025 £'000s	Year ended 31-Dec-2024 £'000s
Cash flows from financing activities			
Cash outflow for lease liabilities	26	(267)	(401)
Held for sale financing activities		(40)	(296)
Net cash flows from financing activities		(307)	(697)
Net (decrease)/increase in cash and cash equivalents		(3,336)	3,243
Cash and cash equivalents at 1 January		27,823	24,596
Effect of exchange rate fluctuations on cash held		112	(16)
Cash and cash equivalents at 31 December		24,599	27,823
Additional information on operational cash flows from profit and dividends			
Profit Paid		48,829	53,847
Profit received		65,797	65,387
Dividend received		-	659



The notes on pages 67 to 126 form an integral part of these financial statements.

Statement of Financial Position

	Notes	Year ended 31-Dec-2025 £'000s	Year ended 31-Dec-2024 £'000s
Assets			
Cash and balances with banks		24,599	23,893
Derivative financial instruments *	14	2,348	11,337
Financing and advances at amortised cost *	17	1,264,559	1,315,936
Fair value of hedged assets in portfolio hedges of interest rate risk *	14	2,377	(371)
Financial assets held at FVTOCI	19	38,098	28,282
Financial assets held at FVTIS	18	2,827	7,286
Intangible assets	23	2,849	1,951
Property, plant and equipment and right-of-use assets	24	1,126	198
Investments in subsidiaries, joint ventures and associates	20	22,780	22,780
Deferred tax assets	13	9,374	7,427
Other assets	27	36,555	7,344
Total assets		1,407,492	1,426,063
Equity and liabilities			
Equity			
Share capital	33	150,049	150,049
Fair value through other comprehensive income reserve		(3,616)	(4,377)
Retained earnings		(36,643)	(24,352)
Total equity		109,790	121,320
Liabilities			
Financial liabilities measured at amortised cost	28	1,287,404	1,289,498
Derivative financial instruments *	14	2,736	11,110
Other liabilities	29	7,562	4,135
Total liabilities		1,297,702	1,304,743
Total equity and liabilities		1,407,492	1,426,063

*Prior year restatement note is disclosed in Note 14 and Note 17.

Approved by the board on 16 April 2026 and signed on its behalf by:



Charles Haresnape
Chief Executive Officer



Danesh Mahadeva
Chief Financial Officer

The notes on pages 67 to 126 form an integral part of these financial statements.

Statement of Changes in Equity

	Share capital	Fair value through other comprehensive income reserve	Retained earnings	Total equity
	£'000s	£'000s	£'000s	£'000s
At 1 January 2025	150,049	(4,377)	(24,352)	121,320
Loss for the year	-	-	(12,291)	(12,291)
Other comprehensive income	-	761	-	761
Total comprehensive (loss)/income	-	761	(12,291)	(11,530)
At 31 December 2025	150,049	(3,616)	(36,643)	109,790

	Share capital	Fair value through other comprehensive income reserve	Retained earnings	Total equity
	£'000s	£'000s	£'000s	£'000s
At 1 January 2024	150,049	(4,721)	(27,104)	118,224
Profit for the year	-	-	2,752	2,752
Other comprehensive income	-	344	-	344
Total comprehensive income	-	344	2,752	3,096
At 31 December 2024	150,049	(4,377)	(24,352)	121,320

Statement of Cash Flows

	Notes	Year ended 31-Dec-2025 £'000s	Year ended 31-Dec-2024 £'000s
Cash flows from operating activities			
(Loss)/Profit after tax for the year		(12,292)	2,752
Adjusted for:			
Depreciation and amortisation	11, 23, 24	1,043	930
Negative / (positive) revaluation of financial instruments held at FVTIS (unquoted investments)	6	207	(1,969)
Fair value movement in financial instruments held at FVTIS (derivative financial instruments)	6	1,844	341
Foreign exchange gains		(321)	(120)
Income tax receipt	13	(1,947)	(2,167)
Impairment charge / (release)	10	2,725	(192)
Net decrease/(increase) in operating assets:			
Net (increase)/decrease in other assets		(29,205)	(3,319)
Changes in financing and advances at amortised cost	17	52,976	35,115
Fair value movement in financial instruments held at FVTIS (derivative financial instruments)		(8,196)	(4,080)
Net decrease/(increase) in operating liabilities:			
Net (decrease)/increase in other liabilities		2,578	(535)
Changes in financial liabilities measured at amortised cost	28	(2,094)	(28,227)
Cash generated from operations		7,318	(1,471)
Income taxes (paid)/received	13	-	-
Net cash flow from operating activities		7,318	(1,471)
Cash flows from investing activities			
Acquisitions of property plant and equipment	24	(278)	(66)
Net proceeds from disposal of property plant and equipment		57	-
Acquisition of intangible assets	23	(1,535)	(1,124)
Purchases of financial assets held at FVOCI		(14,050)	(11,147)
Proceeds from sale of financial assets held at FVTOCI		5,098	2,708
Purchase of financial assets held at FVTIS (unquoted investments)		(143)	(1,774)
Proceeds from sale of financial assets held at FVTIS (unquoted investments)		4,394	14,735
Net cash flows from investing activities		(6,457)	3,332

The notes on pages 67 to 126 form an integral part of these financial statements.

Statement of Cash Flows (cont.)

	Notes	Year ended 31-Dec-2025 £'000s	Year ended 31-Dec-2024 £'000s
Cash flows from financing activities			
Cash outflow for lease liabilities	26	(267)	(401)
Net cash flows from financing activities		(267)	(401)
Net increase in cash and cash equivalents		594	1,460
Cash and cash equivalents at 1 January		23,893	22,450
Effect of exchange rate fluctuations on cash held		112	(17)
Cash and cash equivalents at 31 December		24,599	23,893
Additional information on operational cash flows from profit and dividends			
Profit Paid		49,831	53,846
Profit received		65,797	54,300
Dividend received		3,749	2,910



The notes on pages 67 to 126 form an integral part of these financial statements.



Notes to the Financial Statements

for the year ended 31 December 2025



Notes to the Financial Statements

1. General information

The company is a public company limited by share capital, incorporated and domiciled in United Kingdom. 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 its registered office is:

The Helicon
One South Place
London
EC2M 2RB

These financial statements were authorised for issue by the board on 16 April 2026.

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 20 to 37.

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:

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
Amendments to IFRS 7 and 9: Contract Referencing Nature-dependent Electricity Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to IFRS Accounting Standards – Amendments to:	1 January 2026
• IFRS 1 First-time Adoption of International Financial Reporting Standards;	
• IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;	
• IFRS 9 Financial Instruments;	
• IFRS 10 Consolidated Financial Statements; and	
• IAS 7 Statement of Cash flows	
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.

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. The standard requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and it also includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

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 amendment to existing IFRS accounting standards became effective for annual periods beginning on 1 January 2025:

Lack of exchangeability - Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates.

The amendment did not have a material impact on the Bank's consolidated financial statements at 31 December 2025.

3. 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 36 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 Middle East, 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 impact of GLG sale on Capital glide path (see Note 37)
- 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

Basis of accounting

The financial statements have been prepared in accordance with UK-adopted International Accounting Standards as issued by the International Accounting Standards Board (IASB) in conformity with the requirements of the Companies Act 2006. 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 structured entities as at 31 December 2025 (see Note 21).

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

Notes to the Financial Statements

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 36).

The fair value of unquoted equity securities (See Note 18) has been identified as a key source of estimation uncertainty at 31 December 2025 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 2025 to determine expected sale proceeds could materially impact the fair value estimation. As discussed in Note 36, a 20 % decrease in property prices would reduce the fair value of financial assets held at FVTIS by £0.6m and £1.5m as at 31 December 2025 and 2024, respectively.

Recoverability of deferred tax asset

Deferred tax assets are recognised in respect of tax losses to the extent that it 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 13.

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)
2025	(989)	(831)	(560)	623	1,307	2,688
2024	(1,026)	(750)	(444)	697	1,187	2,112

(-) sign indicates a release whereas (+) sign denotes a charge. sign indicates a release whereas (+) sign denotes a charge.

Each scenario is assigned a different weight, the sum of weights are 100%. The weights of the blended ECL as recommended 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 36.

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 2024 figures are also included for comparison.

Year	10%	20%
2025	£1.6m	£3.6m
2024	£1.6m	£3.5m

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.

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 through other comprehensive income (FVOCI); and
3. Fair value through 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.

Notes to the Financial Statements

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 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 and presented in a single separate asset line item on the face of the Statement of financial position as 'Fair value of hedged assets in portfolio hedges of interest rate risk'. The bank applies the option to amortise the "fair value of hedged assets" (FVHA) to the income statement on a straight-line basis over the remaining period until the repricing of the fixed rate loan assets.

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.

Notes to the Financial Statements

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.

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.

Notes to the Financial Statements

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.

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 £9,168K at 31 December 2025 (2024: £7,427k). Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the tax losses can be utilised.

Provision

Provisions are recognised when the Bank has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Bank determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the income statement net of any reimbursement in other operating expenses. Where the probability of outflow is considered to be remote and a reliable estimate cannot be made, a contingent liability is not disclosed.

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 2025.

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.

Notes to the Financial Statements

Non-current assets held for sale and discontinued operations

The Bank classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

Cash flows from discontinued operations are included in the consolidated statement of cash flows and are disclosed separately in Note 20. The Bank includes proceeds from disposal in cash flows from discontinued operations.

Additional disclosures are provided in Note 20. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.



4. Income from financial assets held at amortised cost

	2025 £'000s	2024 £'000s
Income from financial arrangements	63,845	64,250
Income from financial institutions	1,855	2,444
	65,700	66,694

5. Foreign exchange gains

	2025 £'000s	2024 £'000s
Net gains / (losses) on translation of derivative financial instruments	1,236	(1,370)
Net (losses)/gains on translation of balances denominated in foreign currency	(1,025)	1,507
Net gain in foreign exchange	211	137

6. Net (losses)/gains on financial assets at fair value through income statement

	2025 £'000s	2024 £'000s
Hedge ineffectiveness and other valuation losses	(1,844)	(341)
Dividend income	-	659
Profit income of unquoted securities	174	-
Realised (loss)/gain on sale of unquoted equity securities	(246)	678
Net revaluation on unquoted equity securities	(136)	1,291
	(2,052)	2,287

7. Staff costs

The aggregate payroll costs for the Bank were as follows:

	2025 £'000s	2024 £'000s
Wages and salaries	14,680	11,093
Social security costs	1,949	1,527
Pension costs, defined contribution scheme	789	778
Other employee expense	1,613	1,483
	19,031	14,881

Notes to the Financial Statements

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	2025 £'000s	2024 £'000s
General Management	15	15
Operations	83	80
Specialist Functions	102	109
Subsidiaries	132	104
	332	308

8. Directors' remuneration

The directors' remuneration includes Gatehouse Bank and its subsidiaries for the year which was as follows:

	2025 £'000s	2024 £'000s
Remuneration	2,753	2,255
Contributions paid to money purchase schemes	118	131
	2,871	2,386

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2025 £'000s	2024 £'000s
Received or were entitled to receive shares under long term incentive schemes	3	3
Accruing benefits under money purchase pension scheme	2	4

In respect of the highest paid director:

	2025 £'000s	2024 £'000s
Remuneration	1,018	812
Company contributions to money purchase pension schemes	47	44

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 2025 is 3.6 years (2024: 4.6 years).

In 2025 there were no new issued numbers of options (2024: nil). There were no options lapsed in 2025 (2024: nil). As a result, the total number of options in issue are 511,000,000 as at 2025 (2024: 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 2025 (2024: nil) therefore no expense has been recorded during both periods.

The number of directors who had options received under LTIP is 3 (2024: 3). No options have been exercised during 2025 and 2024.

9. Other operating expenses

	2025 £'000s	2024 £'000s
Occupancy costs	1,083	769
IT and communication costs	2,784	1,750
Amortisation of contract cost assets	378	-
Legal and professional fees *	1,864	2,618
Travel and accommodation *	400	375
Consultancy	568	170
Advertising and marketing	298	261
Other tax payable	853	552
Shariah Supervisory Board fees	65	50
Other operating charges	661	536
	8,954	7,081

*In the previous accounting period, certain costs were misclassified within Travel and Accommodation rather than Legal and Professional Fees. A prior period adjustment has been made to record a reclassification. There was no impact to profit or loss and equity. The prior period adjustment is shown as follows:

	Legal and professional fees £'000s	Travel and accommodation £'000s
Year ended 31 December 2024 (as previously reported)	1,679	2,005
Reclassification for Held for sale	(296)	(395)
Year ended 31 December 2024 after Reclassification of HFS (as previously reported)	1,383	1,610
Prior period adjustment	1,235	(1,235)
Year ended 31 December 2024 (as restated)	2,618	375

Notes to the Financial Statements

10. Impairment (charge) / release

The table below shows the expected credit losses (ECLs) (charges)/reversals on financial instruments during the year recorded in the income statement:

	2025 £'000s	2024 £'000s
Financing and advances at amortised cost	(2,658)	217
Financing commitments	(1)	(17)
Financial assets held at FVTOCI	(66)	(8)
	(2,725)	192

11. Operating Loss

	2025 £'000s	2024 £'000s
Operating loss is stated after charging:		
Rentals paid under leases	12	8
Depreciation and amortisation expense	1,043	930
Auditor's remuneration	480	443
Net foreign exchange gains	(211)	(137)

12. Auditors' remuneration

	2025 £'000s	2024 £'000s
Audit of accounts	463	428
Other fees to auditors		
Other audit-related services	17	15
	480	443

13. Income tax

	2025 £'000s	2024 £'000s
Analysis of tax charge for the period		
Current tax		
UK Corporation tax based on the profit for the year	-	-
Total current income tax	-	-
Deferred taxation		
Tax losses	(1,947)	(2,167)
Tax receipt in the income statement	(1,947)	(2,167)

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2024 - the same as the standard rate of corporation tax in the UK) of 25% (2024 - 25%).

The differences are reconciled below:

	2025 £'000s	2024 £'000s
(Loss)/profit before tax	(14,239)	585
Corporation tax at standard rate	3,560	(146)
Increase in current tax from adjustment for prior periods	64	-
Increase from effect dividends from UK companies	250	1,000
Expenses not deductible for tax purposes	36	(74)
Income not taxable for tax purposes	1	1
Other permanent differences	(3)	-
(Decrease)/increase from effect of unrelieved tax losses carried forward	(1,961)	1,386
Total tax credit/(charge)	1,947	2,167



Notes to the Financial Statements

The Finance Act 2021 increases the main rate of corporate tax to 25% with effect from 1 April 2023. As at 31 December 2025, 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 £63,717k (2024: £48,150k) 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 £37,496k and £29,707k in 2025 and 2024, respectively. As at 31 December 2025 and 31 December 2024, no deferred tax asset has been recognised in respect of the remaining £26,222k and £18,443k, respectively, of losses and £3,520k and £3,108k, 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.

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 2025, if the profitability forecast for 2026 – 2030 was assumed to be 10% lower than projected, the deferred tax asset balance would decrease by £937k to £8.44m.

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 £742k to £6.68m.

Profit growth: For standalone GHB profits, 2% increase in profits is projected starting from 2031. If this assumption was changed to 1% growth for all years from 2031 to 2035 while maintaining a 10-year horizon, the deferred tax asset balance on 31 December 2025 would decrease by £55k to £9.32m.

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.

14. Derivative financial instruments & changes in the fair value of hedged assets

	2025 £'000s	2024* £'000s
Assets		
Derivative financial instruments	2,348	19,717
Fair value of hedged assets in portfolio hedges of interest rate risk	2,377	(20,088)
	4,725	(371)
Liabilities		
Derivative financial instruments	(2,736)	(11,110)
	(2,736)	(11,110)

*A prior period adjustment has been made to record a reclassification of various items of the accumulated balance of changes in the fair value of hedged assets in macro hedges of interest rate risk from the Statement of Financial Position line items "derivatives assets" to "Fair value of hedged assets in portfolio hedges of interest rate risk". An adjustment has also been made to reclassify various items of the accumulated balance of changes in the fair value of hedged assets in discontinued micro and macro hedges of interest rate risk from the Statement of Financial Position line item from "derivatives liabilities" to "financing and advances at amortised cost" and "Fair value of hedged assets in portfolio hedges of interest rate risk", respectively. There was no impact to profit or loss and equity. The Statement of Financial Position as at 31 December 2024 has been represented as follows:

	Financing and advances at amortised cost	Fair value of hedged assets in portfolio hedges of interest rate risk	Derivative financial instruments - Asset	Derivative financial instruments - Liability
Year ended 31 December 2024 (as previously reported)	1,322,888	-	31,054	(38,150)
Prior period reclassification	(6,952)	(371)	(19,717)	27,040
Year ended 31 December 2024 (as restated)	1,315,936	(371)	11,337	(11,110)

"Derivative financial instruments - Assets", "Derivative financial instruments - Liabilities" and "Fair value of hedged assets in portfolio hedges of interest rate risk" are represented in the remainder of Note 14.

"Financing and advances at amortised cost" Note 17 have been represented accordingly in Note 17.

Notes to the Financial Statements

Further Breakup of Derivative financial instruments shown below:

	2025 £'000s	2024 £'000s
Assets - Derivative financial instruments		
FX Forwards & others	1,052	248
Accrued profit of hedged intrusmet	647	1,425
Fair value adjustment to hedging instrument	649	9,664
	2,348	11,337
Liabilities - Derivative financial instruments		
FX Forwards & others	(2,736)	(11,110)
	(2,736)	(11,110)

Hedge accounting

Fair value hedges

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 effectiveness for the Bank's PRS can be explain 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	2025 £'000s	2024 £'000s
Notional Principal	338,000	403,000
Hedging Item		
Asset		
Changes in the fair value of hedged assets in portfolio hedges of interest rate risk	27,784	19,717
Changes in the fair value of hedged assets (FVHA) in discontinued hedges of profit rate risk	(25,407)	(20,088)
Fair value of hedged assets in portfolio hedges of interest rate risk	2,377	(371)
Carrying Value of hedged item	2,377	(371)
Hedging Instrument		
Asset		
Fair value adjustment to hedging instrument	649	9,664
Accrued profit of hedged instrument	647	1,425
Carrying Value of hedging instrument	1,296	11,089
Net Profit Rate Swaps Fair Value Hedges	3,027	9,294
Net Profit Rate Swaps Accrued profit	647	1,425
Net carrying value of hedged item and hedging instrument	3,674	10,719

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 2025 is £609k loss (2024: £341k loss).

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.

		2025			2024		
		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	7,072	(8,505)	(83.16)%	3,296	(3,636)	(90.62)%

Notes to the Financial Statements

15. Company profits attributable to equity shareholders of the Bank

£12,292K of the company loss for the financial year (2024: £2,752K 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.

16. Additional cash flow information

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at 31 December:

	2025 £'000s	2024 £'000s
Cash and balances with banks	24,599	27,823
Cash and balances with bank attributable to discontinued operations	2,612	-
	27,211	27,823

17. 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	2025 £'000s	Avg. Yield	2024 £'000s
Gross financing and advances at amortised cost		1,277,066		1,325,756
Less: allowances for impairment		(12,507)		(9,820)
Financing and advances at amortised cost*	5.16%	1,264,559	5.10%	1,315,936

Company	Avg. Yield	2025 £'000s	Avg. Yield	2024 £'000s
Gross financing and advances at amortised cost		1,277,066		1,325,756
Less: allowances for impairment		(12,507)		(9,820)
Financing and advances at amortised cost*	5.16%	1,264,559	5.10%	1,315,936

*A prior period adjustment has been made to reclassify various items of the accumulated balance of changes in the fair value of hedged assets in discontinued micro and macro hedges of interest rate risk from the Statement of Financial Position line item from "derivatives liabilities" to "financing and advances at amortised cost" and "Fair value of hedged assets in portfolio hedges of interest rate risk", respectively. See further details of the representation in note 14.

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

Financing and advances at amortised cost 2025	Stage 1 12m ECL £'000s	Stage 2 Lifetime ECL £'000s	Stage 3 Lifetime ECL £'000s	Total £'000s
Gross carrying value	1,098,978	94,477	83,611	1,277,066
Loss allowance	(1,363)	(512)	(10,632)	(12,507)
Carrying value under IFRS 9	1,097,615	93,965	72,979	1,264,559

Financing and advances at amortised cost 2024	Stage 1 12m ECL £'000s	Stage 2 Lifetime ECL £'000s	Stage 3 Lifetime ECL £'000s	Total £'000s
Gross carrying value	1,155,258	91,462	79,036	1,325,756
Loss allowance	(790)	(497)	(8,533)	(9,820)
Carrying value under IFRS 9	1,154,468	90,965	70,503	1,315,936

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

Financing and advances at amortised cost 2025	Stage 1 12m ECL £'000s	Stage 2 Lifetime ECL £'000s	Stage 3 Lifetime ECL £'000s	Total £'000s
Loss allowance as at 1 January 2025	(790)	(497)	(8,532)	(9,819)
Transfers				
Transfers from stage 1 to stage 2	99	(99)	-	-
Transfers from stage 1 to stage 3	8	-	(8)	-
Transfers from stage 2 to stage 1	(218)	218	-	-
Transfers from stage 2 to stage 3	-	145	(145)	-
Transfers from stage 3 to stage 1	-	-	-	-
Transfers from stage 3 to stage 2	-	(10)	10	-
Changes in PD's/LDG's/EAD's	(461)	(269)	(1,958)	(2,688)
Other	-	-	-	-
Loss allowance as at 31 December 2025	(1,362)	(512)	(10,633)	(12,507)

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 2025	(1,279)	(1,254)	(7,638)	(10,171)
Transfers				
Transfers from stage 1 to stage 2	120	(120)	-	-
Transfers from stage 1 to stage 3	166	-	(166)	-
Transfers from stage 2 to stage 1	(109)	109	-	-
Transfers from stage 2 to stage 3	-	542	(542)	-
Transfers from stage 3 to stage 1	-	-	-	-
Transfers from stage 3 to stage 2	-	(21)	21	-
Changes in PD's/LDG's/EAD's	312	247	(359)	200
Other	-	-	151	151
Loss allowance as at 31 December 2025	(790)	(497)	(8,533)	(9,820)

Notes to the Financial Statements

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

Financing and advances at amortised cost 2025	Stage 1 £'000s	Stage 2 £'000s	Stage 3 £'000s	Total £'000s
Gross carrying amount as at 1 January 2025	1,154,936	91,462	79,036	1,325,434
Transfers				
Transfers from stage 1 to stage 2	(63,729)	63,729	-	-
Transfers from stage 1 to stage 3	(6,620)	-	6,620	-
Transfers from stage 2 to stage 1	42,263	(42,263)	-	-
Transfers from stage 2 to stage 3	-	(3,653)	3,653	-
Transfers from stage 3 to stage 1	-	-	-	-
Transfers from stage 3 to stage 2	-	2,018	(2,018)	-
Net new financing/payments	(32,514)	(16,817)	(3,679)	(53,010)
Other including amortization of accumulated changes in the fair value of hedged assets (FVHA) in discontinued hedges of profit rate risk	4,642	-	-	4,642
Gross carrying amount as at 31 December 2025	1,098,978	94,476	83,612	1,277,066

Financing and advances at amortised cost 2024	Stage 1 £'000s	Stage 2 £'000s	Stage 3 £'000s	Total £'000s
Gross carrying amount as at 1 January 2024	1,178,743	116,814	57,595	1,353,152
Transfers				
Transfers from stage 1 to stage 2	(47,817)	47,817	-	-
Transfers from stage 1 to stage 3	(17,689)	-	17,689	-
Transfers from stage 2 to stage 1	49,888	(49,888)	-	-
Transfers from stage 2 to stage 3	-	(11,675)	11,675	-
Transfers from stage 3 to stage 1	502	-	(502)	-
Transfers from stage 3 to stage 2	-	1,087	(1,087)	-
Net new financing/payments	(16,239)	(12,693)	(6,183)	(35,115)
Other including amortization of accumulated changes in the fair value of hedged assets (FVHA) in discontinued hedges of profit rate risk	7,870	-	(151)	7,719
Gross carrying amount as at 31 December 2024	1,155,258	91,462	79,036	1,325,756

18. Financial assets held at fair value through the income statement

Group	Avg. Yield	2025 £'000s	Avg. Yield	2024 £'000s
Unquoted equity securities		2,827		8,228
	0%	2,827	0%	8,228

Company	Avg. Yield	2025 £'000s	Avg. Yield	2024 £'000s
Unquoted equity securities		2,827		7,286
	0%	2,827	0%	7,286

19. Financial assets held at fair value through other comprehensive income

Group and Company	Avg. Yield	2025 £'000s	Avg. Yield	2024 £'000s
Quoted Sukuk		38,098		28,282
	2.70%	38,098	2.23%	28,282

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	Stage 1 12m ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
2025	£'000s	£'000s	£'000s	£'000s
Gross carrying value	38,111	-	-	38,111
Loss allowance	(13)	-	-	(13)
Carrying value under IFRS 9	38,098	-	-	38,098

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

Notes to the Financial Statements

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	Stage 1 12m ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
2025	£'000s	£'000s	£'000s	£'000s
Loss allowance as at 1 January 2025	(12)	-	-	(12)
Transfers				
New financial assets originated or purchased	(1)	-	-	(1)
Changes in PD's/ LGD's / EAD's	-	-	-	-
Loss allowance as at 31 December 2025	(13)	-	-	(13)

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

20. Disposal Group Subsidiaries Classified as Held for Sale

Group subsidiaries

Details of the disposal group subsidiaries classified as held for sale (DGSCHFS) as at 31 December 2025 are as follows:

Group	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2025	2024
Gatehouse Build to Rent Group Limited*	Holding Company	The Helicon, One South Place, London, United Kingdom, EC2M 2RB England and Wales	100%	100%
Ascend Estates Limited	Management of real estate	Stafford Court, 145 Washway Road, Sale, England, M33 7PE England and Wales	100%	100%
Gatehouse Investment Management Limited	Real Estate Investment Advisory	The Helicon, One South Place, London, United Kingdom, EC2M 2RB England and Wales	100%	100%

* indicates direct investment of Gatehouse Financial Group Limited ("GFGL") otherwise all investments are held indirectly

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.

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 2026-2030.

- 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 in note 23.

In December 2025, the Bank's Board of Directors approved the plan to sell GBTRG. The sale of GBTRG was completed on 31 March 2026 - see note 37. On 31 December 2025, GBTR was classified as a disposal group held for sale and as a discontinued operation. The results of GBTR for the year are presented below:

	2025 £'000s	2024 £'000s
Income		
Income from financial assets held at amortised cost	253	138
Charges on financial liabilities	(4)	1
Net margin	249	139
Fees and commission income	13,081	15,860
Fees and commission expense	(664)	(243)
Net income (loss) on financial assets at FVTPL	237	-
Total operating income	12,903	15,756
Expenses		
Staff costs	(7,207)	(6,130)
General and administration	(2,471)	(2,482)
Depreciation and amortisation	(552)	(382)
Total operating expenses	(10,230)	(8,994)
Operating gain on ordinary activities before tax	2,673	6,762
Tax on profit on ordinary activities	(749)	(1,715)
Profit / (loss) for the year	1,924	5,047

Notes to the Financial Statements

The major classes of assets and liabilities of GBTRG classified as held for sale as at 31 December are, as follows:

	2025 £'000s
Cash and balances with banks	2,612
Financing and advances at amortised cost	-
Financial assets held at FVTIS	2,237
Goodwill	4,242
Intangible Assets	405
Property, plant and equipment and right-of-use assets	767
Other assets	3,288
Assets held for sale	13,551
Other liabilities	4,743
Liabilities directly associated with the assets held for sale	4,743
Net assets directly associated with disposal group	8,873
Share capital	-
Reserve as a result of subsidiary acquisition	6,863
Retained earnings	1,945
Reserve of disposal group classified as held for sale	8,808

The net cash flows incurred by GBTRG are as follows:

	2025 £'000s	2024 £'000s
Operating	136	3,471
Investing	(1,414)	(1,389)
Financing	(40)	(297)
Net Cash (outflow)/Inflow	(1,318)	(1,785)

21. 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 £2,827k (2024: £ 8,228k) 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.

22. Derivative financial instruments

2025	Assets £'000s	Liabilities £'000s	Notional amount £'000s
Derivative financial instruments			
Maturing in 0-3 months	2,348	2,736	363,086
Maturing in 3-6 months	-	-	-
	2,348	2,736	363,086
Fair value of hedged assets in portfolio hedges of interest rate risk			
Maturing in 0-3 months	2,377	-	-
Maturing in 3-6 months	-	-	-
	2,377	-	-

2024	Assets £'000s	Liabilities £'000s	Notional amount £'000s
Derivative financial instruments			
Maturing in 0-3 months	11,337	11,110	429,212
Maturing in 3-6 months	-	-	-
	11,337	11,110	429,212
Fair value of hedged assets in portfolio hedges of interest rate risk			
Maturing in 0-3 months	(371)	-	-
Maturing in 3-6 months	-	-	-
	(371)	-	-

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 Financial Statements

23. Intangible assets

Group	Goodwill	Customer list	Software costs and licence fees	Under development Software fees	Total
	£'000s	£'000s	£'000s	£'000s	£'000s
Cost or valuation					
At 1 January 2024	4,242	686	5,321	-	10,249
Additions	-	-	1,057	-	1,057
Transfer	-	-	67	-	67
At 31 December 2024	4,242	686	6,445	-	11,373
At 1 January 2025	4,242	686	6,445	-	11,373
Additions	-	-	919	615	1,534
DGSCHFS	(4,242)	(686)	-	-	(4,928)
At 31 December 2025	-	-	7,364	615	7,979
Amortisation					
At 1 January 2024	-	189	3,939	-	4,128
Charge for year	-	46	515	-	561
Transfer	-	-	40	-	40
At 31 December 2024	-	235	4,494	-	4,729
At 1 January 2025	-	235	4,494	-	4,729
Charge for year	-	-	636	-	636
DGSCHFS	-	(235)	-	-	(235)
At 31 December 2025	-	-	5,130	-	5,130
Carrying amount					
At 31 December 2025	-	-	2,234	615	2,849
At 31 December 2024	4,242	451	1,951	-	6,644
At 1 January 2024	4,242	497	1,382	-	6,121

Company	Software costs and licence fees £'000s	Under development Software fees £'000s	Total £'000s
Cost or valuation			
At 1 January 2024	5,321	-	5,321
Additions	1,124	-	1,124
At 31 December 2024	6,445	-	6,445
At 1 January 2025	6,445	-	6,445
Additions	919	615	1,534
At 31 December 2025	7,364	615	7,979
Amortisation			
At 1 January 2024	3,939	-	3,939
Charge for year	555	-	555
At 31 December 2024	4,494	-	4,494
At 1 January 2025	4,494	-	4,494
Charge for year	636	-	636
At 31 December 2025	5,130	-	5,130
Carrying amount			
At 31 December 2025	2,234	615	2,849
At 31 December 2024	1,951	-	1,951
At 1 January 2024	1,382	-	1,382



Notes to the Financial Statements

24. Property, plant and equipment

Group	Leasehold property	Fixtures and fittings	Leasehold vehicles	Computer equipment	Leasehold improvements	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Cost or valuation						
At 1 January 2024	2,926	284	459	1,310	244	5,223
Additions	36	38	447	77	-	598
Disposals	(31)	-	-	(67)	-	(98)
At 31 December 2024	2,931	322	906	1,320	244	5,723
At 1 January 2025	2,931	322	906	1,320	244	5,723
Additions	1,117	-	-	138	140	1,395
DGSCHFS	(1,177)	(293)	(906)	(135)	-	(2,511)
Disposals	(229)	-	-	-	-	(229)
At 31 December 2025	2,642	29	-	1,323	384	4,378
Depreciation						
At 1 January 2024	2,100	224	381	1,150	213	4,068
Charge for year	445	26	160	95	26	752
Write-off on disposals	-	-	-	(42)	-	(42)
At 31 December 2024	2,545	250	541	1,203	239	4,778
At 1 January 2025	2,545	250	541	1,203	239	4,778
Charge for the year	335	5	-	61	8	409
DGSCHFS	(891)	(236)	(541)	(96)	-	(1,764)
Write off on disposals	(171)	-	-	-	-	(171)
At 31 December 2025	1,818	19	-	1,168	247	3,252
Carrying amount						
At 31 December 2025	824	10	-	155	137	1,126
At 31 December 2024	386	72	365	117	5	945
At 1 January 2024	826	60	78	160	31	1,155

Company	Leasehold property	Fixtures and fittings	Computer equipment	Leasehold improvements	Total
	£'000s	£'000s	£'000s	£'000s	£'000s
Cost or valuation					
At 1 January 2024	1,767	15	1,132	244	3,158
Additions	-	14	53	-	67
Disposals	(13)	-	-	-	(13)
At 31 December 2024	1,754	29	1,185	244	3,212
At 1 January 2025	1,754	29	1,185	244	3,212
Additions	1,117	-	138	140	1,395
Disposals	(229)	-	-	-	(229)
At 31 December 2025	2,642	29	1,323	384	4,378
Depreciation					
At 1 January 2024	1,362	10	1,053	214	2,639
Charge for year	292	4	54	25	375
At 31 December 2024	1,654	14	1,107	239	3,014
At 1 January 2025	1,654	14	1,107	240	3,015
Charge for the year	335	5	61	7	408
Write off on disposals	(171)	-	-	-	(171)
At 31 December 2025	1,818	19	1,168	247	3,252
Carrying amount					
At 31 December 2025	824	10	155	137	1,126
At 31 December 2024	100	15	78	5	198
At 1 January 2024	405	5	79	30	519

Notes to the Financial Statements

25. Right of use assets

Group	Leasehold Property £'000s	Leasehold Vehicles £'000s	Total £'000s
As at 1 January 2025	385	340	725
Additions	1,246	247	1,493
Transfer to HFS	(258)	(381)	(639)
Derecognition	(55)	-	(55)
Charge for the year	(494)	(206)	(700)
As at 31 December 2025	824	-	824

	Leasehold Property £'000s	Leasehold Vehicles £'000s	Total £'000s
As at 1 January 2024	826	78	904
Additions	35	451	486
Charge for the year	(476)	(189)	(665)
As at 31 December 2024	385	340	725

Company	Leasehold Property £'000s	Total £'000s
As at 1 January 2025	100	100
Additions	1,117	1,117
Disposals	(55)	(55)
Charge for the year	(338)	(338)
As at 31 December 2025	824	824

	Leasehold Property £'000s	Total £'000s
As at 1 January 2024	405	405
Charge for the year	(305)	(305)
As at 31 December 2024	100	100

26. Leases

Group

Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	2025 £'000s	2024 £'000s
Less than one year	446	359
One to five years	497	440
Total lease liabilities (undiscounted)	943	799

Amount recognised in the income statement

	2025 £'000s	2024 £'000s
Expenses on lease liabilities	35	47
Expenses relating to short-term leases	-	-
Expenses relating to leases of low value assets, excluding short-term leases of low value items	-	-
	35	47

Total cash outflows related to leases

Total cash outflows related to leases are presented in the table below:

	2025 £'000s	2024 £'000s
Payment		
Right of use assets	(267)	(401)

Company

Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	2025 £'000s	2024 £'000s
Less than one year	446	64
One to five years	497	52
Total lease liabilities (undiscounted)	943	116

Total cash outflows related to leases

Total cash outflows related to leases are presented in the table below:

	2025 £'000s	2024 £'000s
Payment		
Right of use assets	(267)	(401)

Notes to the Financial Statements

27. Other assets

	Group		Company	
	2025 £'000s	2024 £'000s	2025 £'000s	2024 £'000s
Receivable on Forward Flow agreement	31,809	23	31,809	23
Intercompany receivable	-	-	181	1,935
Accrued income receivable	376	368	376	368
Prepayments	1,354	1,365	1,354	1,271
Other debtors	2,586	6,345	2,457	2,991
Contract cost asset	378	756	378	756
	36,503	8,857	36,555	7,344

Receivable on forward flow agreement pertains to an agreement wherein Bank originates residential financing for its partner.

Certain cost to fulfil a contract has been recognised as contract cost asset in December 2025. No amortisation expense has been recognised in 2025.

In 2025, fees and commission income amounting to £2,704k includes £1,031k in relation to forward flow agreement, and £900k relating to sale of a fund during Q4 2025.

Group	Avg. Yield	2025 £'000s	Avg. Yield	2024 £'000s
Financial liabilities measured at amortised cost at 1 January	4.74%	1,288,977	4.72%	1,316,609
Net outflow to financial institutions and customers		(658)		(26,905)
Financing and advances at amortised cost		(914)		(728)
Financial liabilities measured at amortised cost at 31 December	4.11%	1,287,404	4.74%	1,288,977

The total accrued profit for financial liabilities at amortised cost during 2025 is £50,933k (2024: £51,092k).

28. Financial liabilities measured at amortised cost

Company	Avg. Yield	2025 £'000s	Avg. Yield	2024 £'000s
Financial liabilities measured at amortised cost at 1 January	4.74%	1,289,498	4.72%	1,317,725
Net outflow to financial institutions and customers		(1,180)		(27,499)
Financing and advances at amortised cost		(914)		(728)
Financial liabilities measured at amortised cost at 31 December	4.11%	1,287,404	4.74%	1,289,498

29. Other liabilities

	Group		Company	
	2025 £'000s	2024 £'000s	2025 £'000s	2024 £'000s
ColCap Financial UK	3,648	1,429	3,648	1,429
Other taxes and social security costs	665	481	665	481
Lease liabilities	946	799	946	116
Other Provisions	-	143	-	143
Other creditors	2,303	5,797	2,303	1,966
	7,562	8,649	7,562	4,135

30. 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

2025 Assets	Less than 12 months £'000s	More than 12 months £'000s	Total £'000s
Cash and short-term deposits	24,599	-	24,599
Financing and advances at amortised cost	78,351	1,186,208	1,264,559
Financial assets held at fair value through the income statement	-	2,827	2,827
Financial assets held at fair value through other comprehensive income	11,783	26,315	38,098
Derivative financial instruments	2,348	-	2,348
Fair value of hedged assets in portfolio hedges of interest rate risk	2,377	-	2,377
Other assets	36,503	-	36,503
Total financial assets	155,961	1,215,350	1,371,311

2025 Liabilities	Less than 12 months £'000s	More than 12 months £'000s	Total £'000s
Financial liabilities measured at amortised cost	1,019,136	268,268	1,287,404
Derivative financial instruments	2,736	-	2,736
Total financial liabilities	1,021,872	268,268	1,290,140

Notes to the Financial Statements

2024	Less than 12 months	More than 12 months	Total
Assets	£'000s	£'000s	£'000s
Cash and short-term deposits	27,823	-	27,823
Financing and advances at amortised cost	147,563	1,168,373	1,315,936
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	11,337	-	11,337
Fair value of hedged assets in portfolio hedges of interest rate risk	(371)	-	(371)
Other assets	8,857	-	8,857
Total financial assets	200,423	1,199,669	1,400,092

2024	Less than 12 months	More than 12 months	Total
Liabilities	£'000s	£'000s	£'000s
Financial liabilities measured at amortised cost	976,073	312,903	1,288,976
Derivative financial instruments	11,110	-	11,110
Total financial liabilities	987,183	312,903	1,300,086

Company

2025	Less than 12 months	More than 12 months	Total
Assets	£'000s	£'000s	£'000s
Cash and balance with banks	24,599	-	24,599
Financing and advances at amortised cost	78,353	1,186,206	1,264,559
Financial assets held at fair value through the income statement	-	2,827	2,827
Financial assets held at fair value through other comprehensive income	11,783	26,315	38,098
Derivative financial instruments	2,348	-	2,348
Fair value of hedged assets in portfolio hedges of interest rate risk	2,377	-	2,377
Other assets	36,503	-	36,503
Total financial assets	155,963	1,215,348	1,371,311

2025	Less than 12 months	More than 12 months	Total
Liabilities	£'000s	£'000s	£'000s
Financial liabilities measured at amortised cost	1,019,136	268,268	1,287,404
Derivative financial instruments	2,736	-	2,736
Total financial liabilities	1,021,872	268,268	1,290,140

2024	Less than 12 months	More than 12 months	Total
Assets	£'000s	£'000s	£'000s
Cash and balance with banks	23,893	-	23,893
Financing and advances at amortised cost	147,563	1,168,373	1,315,936
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	11,337	-	11,337
Fair value of hedged assets in portfolio hedges of interest rate risk	(371)	-	(371)
Other assets*	7,344	-	7,344
Total financial assets	194,980	1,198,727	1,393,707

2024	Less than 12 months	More than 12 months	Total
Liabilities	£'000s	£'000s	£'000s
Financial liabilities measured at amortised cost	976,595	312,902	1,289,497
Derivative financial instruments	11,110	-	11,110
Total financial liabilities	987,705	312,902	1,300,607

*Various components in "Other assets" are financial instrument in nature therefore 2024 table has been represented to include other asset in the above maturity analysis table.

31. 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		Company	
	2025 £'000s	2024 £'000s	2025 £'000s	2024 £'000s
Assets				
Denominated in Sterling	1,369,715	1,387,128	1,378,996	1,398,083
Denominated in other currencies	28,498	27,980	28,498	27,980
	1,398,213	1,415,108	1,407,494	1,426,063
Liabilities				
Denominated in Sterling	1,298,178	1,307,875	1,293,433	1,303,882
Denominated in other currencies	4,271	861	4,271	861
	1,302,449	1,308,736	1,297,704	1,304,743

Notes to the Financial Statements

32. Pension and other schemes

Defined contribution pension scheme

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 £779k were charged to the income statement (2024: £788k). The pension creditor outstanding at the balance sheet date amounted to £113k (2024: £101k).

33. Share capital

	2025 £'000s	2024 £'000s
Authorised:		
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	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.

34. 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:

Group	2025 £'000s	2024 £'000s
Within one year	86,474	75,161

Expected credit losses on financing commitments as at 31 December 2025 amounted to £103k (31 December 2024: £37k). These amounts are recorded as part of ECL in relation to Financing and advances at amortised cost.

35. 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.

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.

2025	Shareholder Kuwait Investment Authority £'000s	Shareholder The Securities House K.S.C.C. £'000s	Ultimate parent Gatehouse Financial Group Limited £'000s
Profit income during the period	-	91	38
Profit expense during the period	-	-	-
Assets	-	91	38
Liability	-	-	24
Treasury liabilities	-	-	-
Undrawn credit facility	-	-	-

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

The disclosure requirement in respect of remuneration to key management personnel has been met by providing Directors' emoluments note details in note 8.



Notes to the Financial Statements

36. 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.

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.

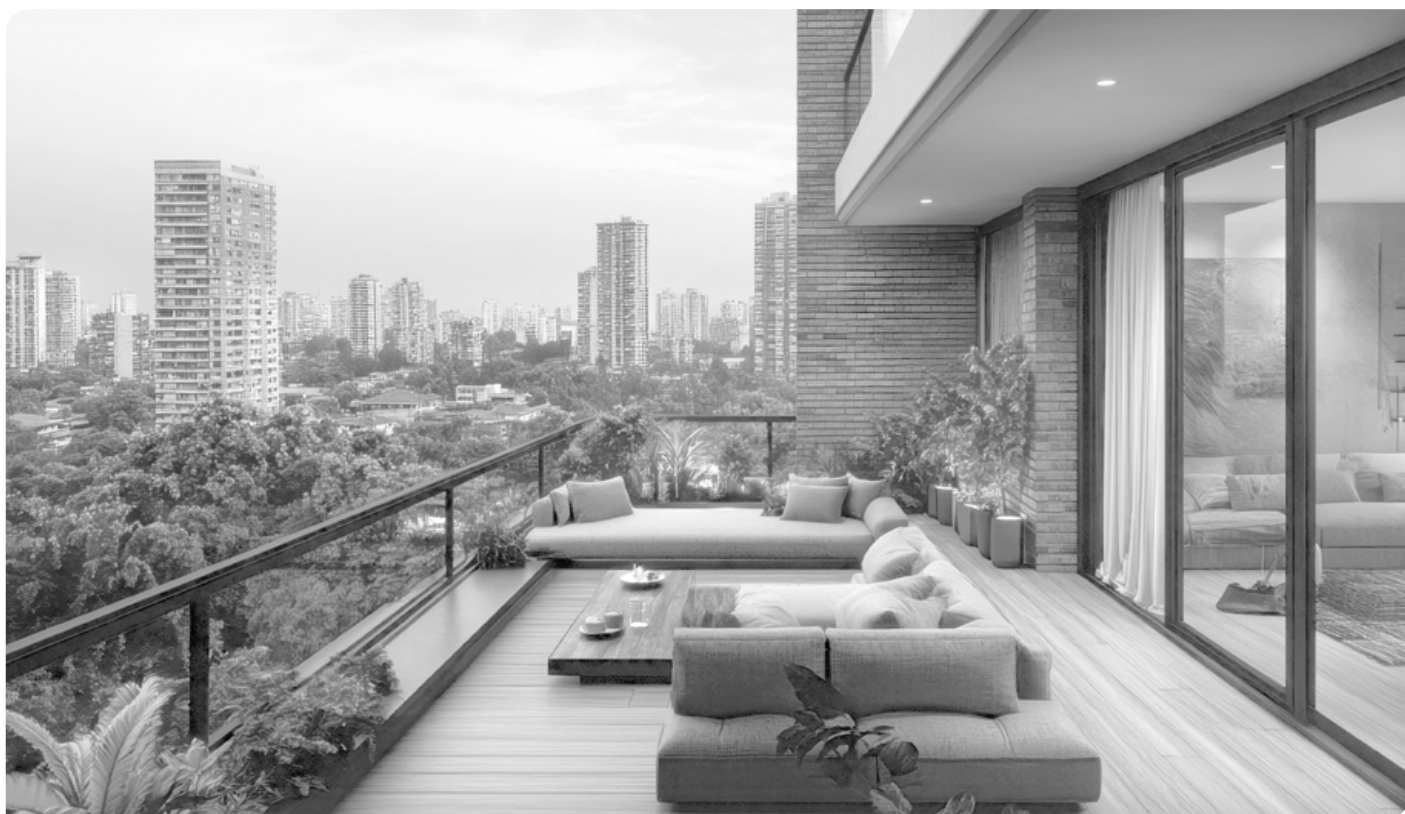
The major assumptions considered for the analysis include unemployment forecasts, predicted housing price changes, and borrowing rate movements.

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.



Notes to the Financial Statements

2025 Relevant economic variables

Scenario	Key Economic Variables	Year				
		2026	2027	2028	2029	2030
Base Case	BOE Rate	3.75%	3.25%	3.00%	2.75%	2.50%
	Unemployment rate	5.06%	4.95%	4.63%	4.40%	4.27%
	House Price Index	2.49%	3.39%	4.70%	5.28%	5.25%
Upside	BOE Rate	5.25%	5.25%	4.88%	4.19%	3.50%
	Unemployment rate	4.59%	3.32%	2.37%	2.18%	2.27%
	House Price Index	6.89%	7.20%	8.37%	8.01%	5.02%
Mild Upside	BOE Rate	4.75%	4.75%	4.13%	3.56%	3.00%
	Unemployment rate	4.84%	4.14%	3.65%	3.63%	3.65%
	House Price Index	4.51%	5.58%	6.87%	6.81%	5.12%
Stagnation	BOE Rate	3.63%	2.63%	2.25%	2.25%	2.25%
	Unemployment rate	5.86%	6.36%	6.61%	6.51%	6.24%
	House Price Index	-0.68%	-0.13%	1.36%	5.40%	5.53%
Downside	BOE Rate	3.50%	2.13%	1.75%	1.75%	1.75%
	Unemployment rate	6.07%	6.67%	6.91%	6.81%	6.51%
	House Price Index	-1.42%	-1.71%	-0.02%	5.18%	5.67%
Severe Downside	BOE Rate	3.38%	1.38%	1.00%	1.00%	1.00%
	Unemployment rate	6.41%	7.17%	7.41%	7.30%	6.98%
	House Price Index	-2.65%	-4.54%	-3.39%	5.58%	5.93%

2024 Relevant economic variables

Scenario	Key Economic Variables	Year				
		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%

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.

Notes to the Financial Statements

Scenario Weighting 2025

	Rate	Base Case 50%	Upside 10%	Mild Upside 10%	Stagnation 10%	Downside 10%	Severe Downside 10%
BOE Rate	Highest Rate	3.75%	5.25%	4.75%	3.63%	3.50%	3.38%
Unemployment rate	Peak	5.06%	4.59%	4.84%	6.61%	6.91%	7.41%
House Price Index	Start to Trough	2.49%	5.02%	4.51%	-.68%	-1.71%	-4.54%

Scenario Weighting 2024

	Rate	Base Case 50%	Upside 10%	Mild Upside 10%	Stagnation 10%	Downside 10%	Severe Downside 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%

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.

2025

	Weighted Scenario ECL, no PMA	Base Case	Upside	Mild Upside	Stagnation	Downside	Severe Downside
HPP	441,417	359,146	236,794	292,148	565,205	663,504	860,783
BTL	1,692,673	1,214,662	561,900	839,059	2,421,446	2,984,241	4,046,771
Total	2,134,089	1,573,808	798,695	1,131,207	2,986,651	3,647,745	4,907,554

Post model adjustments
2025

	ECL model output	PMA	Total ECL
HPP	441,417	30,018	471,435
BTL	1,692,673	470,371	2,163,043
Total	2,134,089	500,389	2,634,478

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

Post model adjustments
2024

	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

Note 3 refers to the basis by which the Bank reviews for impairments of its financial assets. Note 10 details the impairment provisions taken in the year to the income statement.

Notes to the Financial Statements

Credit risk

Credit quality analysis

Exposure

The table below shows the maximum exposure to credit risk for financial assets on the balance sheet at 31 December 2025 and 31 December 2024:

	Group		Company	
	2025 £'000s	2024 £'000s	2025 £'000s	2024 £'000s
Cash and balances with banks	24,599	27,823	24,599	23,893
Financing and advances at amortised cost	1,264,559	1,315,936	1,264,559	1,315,936
Financial assets held at fair value through other comprehensive income (Debt Assets)	38,098	28,282	38,098	28,282
Derivative financial instruments	2,348	11,337	2,348	11,337
Fair value of hedged assets in portfolio hedges of interest rate risk	2,377	(371)	2,377	(371)
	1,331,981	1,383,007	1,331,981	1,379,077

Geographical region

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

	Group		Company	
	2025 £'000s	2024 £'000s	2025 £'000s	2024 £'000s
Kuwait	5,346	6,339	5,346	6,339
UAE	30,031	48,798	30,031	48,798
Qatar	7,278	58,137	7,278	58,137
Saudi Arabia	44,219	34,907	44,219	34,907
Oman	1,473	2,064	1,473	2,064
Bahrain	2,569	3,252	2,569	3,252
GCC Countries	90,916	153,497	90,916	153,497
Europe	1,057,356	998,380	1,057,356	998,380
North America	18,299	21,060	18,299	21,060
South America	894	933	894	933
Asia	144,845	184,631	144,845	184,631
Africa	12,975	14,029	12,975	14,029
Australasia	6,696	10,477	6,696	10,477
	1,331,981	1,383,007	1,331,981	1,383,007

Credit quality

The table below shows the credit quality of financial assets on the balance sheet at 31 December 2025 and at 31 December 2024, based on a credit rating system:

Group 2025	Investment grade £'000s	Non-investment grade £'000s	Non-rated £'000s	Total £'000s
Assets				
Cash and balances with banks	24,597	-	2	24,599
Financial assets held at fair value through other comprehensive income	38,098	-	-	38,098
Derivative financial instruments	2,348	-	-	2,348
Fair value of hedged assets in portfolio hedges of interest rate risk	2,377	-	-	2,377
Financing and advances at amortised cost	-	-	-	-
Stage 1	49,021	-	1,048,591	1,097,612
Stage 2	-	-	93,965	93,965
Stage 3	-	-	72,982	72,982
	116,441	-	1,215,540	1,331,981

Company 2025	Investment grade £'000s	Non-investment grade £'000s	Non-rated £'000s	Total £'000s
Assets				
Cash and balances with banks	24,597	-	2	24,599
Financial assets held at fair value through other comprehensive income	38,098	-	-	38,098
Derivative financial instruments	2,348	-	-	2,348
Fair value of hedged assets in portfolio hedges of interest rate risk	2,377	-	-	2,377
Financing and advances at amortised cost	-	-	-	-
Stage 1	49,021	-	1,048,588	1,097,609
Stage 2	-	-	93,965	93,965
Stage 3	-	-	72,985	72,985
	116,441	-	1,215,540	1,331,981

Notes to the Financial Statements

Group 2024	Investment grade £'000s	Non-investment grade £'000s	Non-rated £'000s	Total £'000s
Assets				
Cash and balances with banks	27,821	-	2	27,823
Financial assets held at fair value through other comprehensive income	28,282	-	-	28,282
Derivative financial instruments	11,337	-	-	11,337
Fair value of hedged assets in portfolio hedges of interest rate risk	(371)	-	-	(371)
Financing and advances at amortised cost	-	-	-	-
Stage 1	87,943	-	1,066,484	1,154,427
Stage 2	-	-	90,984	90,984
Stage 3	-	-	70,525	70,525
	155,012	-	1,227,995	1,383,007

Company 2024	Investment grade £'000s	Non-investment grade £'000s	Non-rated £'000s	Total £'000s
Assets				
Cash and balances with banks	23,891	-	2	23,893
Financial assets held at fair value through other comprehensive income	28,282	-	-	28,282
Derivative financial instruments	11,337	-	-	11,337
Fair value of hedged assets in portfolio hedges of interest rate risk	(371)	-	-	(371)
Financing and advances at amortised cost	-	-	-	-
Stage 1	87,983	-	1,066,484	1,154,467
Stage 2	-	-	90,964	90,964
Stage 3	-	-	70,505	70,505
	151,122	-	1,227,955	1,379,077

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
2025	44,292	9,740	34,552	28.19%	55,081
2024	47,742	7,247	40,495	17.90%	60,537

RPF 2025	Gross exposure	ECL Total	Net balance	ECL coverage	Collateral
FTV Band	£'000s	£'000s	£'000s	£'000s	£'000s
<=60%	340,829	192	340,637	0.056%	759,303
60%-70%	337,384	746	336,638	0.222%	518,706
70%-80%	366,487	1,458	365,029	0.399%	491,105
>80%	139,284	341	138,943	0.245%	164,716
Total	1,183,984	2,737	1,181,247	0.232%	1,933,830

RPF 2024	Gross exposure	ECL Total	Net balance	ECL coverage	Collateral
FTV Band	£'000s	£'000s	£'000s	£'000s	£'000s
<=60%	247,886	41	247,845	0.017%	554,027
60%-70%	339,826	418	339,408	0.123%	525,125
70%-80%	403,507	1,143	402,364	0.284%	539,461
>80%	169,768	937	168,831	0.555%	202,308
Total	1,160,988	2,539	1,158,499	0.219%	1,820,921

Liquidity risk

The group's definition of liquidity risk is 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 company manages this through The Bank's two principal sources of funding. Those 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 2025 Gatehouse savings deposits were £1,045m (2024: £1,008m and Retail aggregator deposits were £202m (2024: £246m).

Notes to the Financial Statements

Liquidity and rate profile

The following table sets out the remaining contractual maturities of the group's financial liabilities and financial assets by type.

Group 2025	Less than 1 month	1-3 months	3 - 6 months	6 - 12 months	1-5 years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Assets						
Fixed rate items	66,485	6,719	-	17,770	1,212,523	1,303,497
Non-rate sensitive	28,484	-	-	-	-	28,484
Total assets	94,969	6,719	-	17,770	1,212,523	1,331,981
Liabilities						
Fixed rate items	497,067	164,677	205,686	151,707	268,268	1,287,405
Non-rate sensitive	2,736	-	-	-	-	2,736
Total liabilities	499,803	164,677	205,686	151,707	268,268	1,290,141
Net	(404,834)	(157,958)	(205,686)	(133,937)	944,255	41,840

Company 2025	Less than 1 month	1-3 months	3 - 6 months	6 - 12 months	1-5 years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Assets						
Fixed rate items	66,485	6,719	-	17,770	1,212,523	1,303,497
Non-rate sensitive	28,484	-	-	-	-	28,484
Total assets	94,969	6,719	-	17,770	1,212,523	1,331,981
Liabilities						
Fixed rate items	497,067	164,677	205,686	151,707	268,268	1,287,405
Non-rate sensitive	2,736	-	-	-	-	2,736
Total liabilities	499,803	164,677	205,686	151,707	268,268	1,290,141
Net	(404,834)	(157,958)	(205,686)	(133,937)	944,255	41,840

Group 2024	Less than 1 month £'000s	1-3 months £'000s	3 - 6 months £'000s	6 - 12 months £'000s	1-5 years £'000s	Total £'000s
Assets						
Fixed rate items	72,079	47,785	14,127	20,208	1,191,441	1,345,640
Non-rate sensitive	37,367	-	-	-	-	37,367
Total assets	109,446	47,785	14,127	20,208	1,191,441	1,383,007
Liabilities						
Fixed rate items	448,237	180,684	196,901	151,362	312,903	1,290,087
Non-rate sensitive	10,001	-	-	-	-	10,001
Total liabilities	458,238	180,684	196,901	151,362	312,903	1,300,088
Net	(348,792)	(132,899)	(182,774)	(131,154)	878,538	82,919

Company 2024	Less than 1 month £'000s	1-3 months £'000s	3 - 6 months £'000s	6 - 12 months £'000s	1-5 years £'000s	Total £'000s
Assets						
Fixed rate items	72,079	47,785	14,127	20,208	1,191,441	1,345,640
Non-rate sensitive	33,437	-	-	-	-	33,437
Total assets	105,516	47,785	14,127	20,208	1,191,441	1,379,077
Liabilities						
Fixed rate items	448,437	180,684	196,901	151,362	312,903	1,290,287
Non-rate sensitive	10,001	-	-	-	-	10,001
Total liabilities	458,438	180,684	196,901	151,362	312,903	1,300,288
Net	(352,922)	(132,899)	(182,774)	(131,154)	878,538	78,789

Market risk

The group's definition of market risk is 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 group manage this by 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.

Notes to the Financial Statements

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 2025 would decrease/increase £5,949k (2024: £7,332k).

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 2025, the Bank had total £338m (2024: £403m) 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 2025, the market value of nominal positions generating profit rate VaR was £56m (2024: £92m) which generated profit rate VaR of:

2025	95% VaR (£)
One day	(12,296)
One week	(18,225)
2024	95% VaR (£)
One day	(8,371)
One week	(9,867)

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 2025, the net market value of nominal foreign exchange exposure was £224k (2024: £527k) which generated Foreign Exchange VaR of:

2025	95% VaR (£)
One day	(664)
One week	(1,757)
2024	95% VaR (£)
One day	(1,683)
One week	(3,673)

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 2025, 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.

As at 31 December 2025, the market value of nominal FVTOCI Sukuk investment exposure was £38,110k (2024: £28,282k) which generated Price Risk VaR of:

2025	95% VaR (£)
One day	(29,960)
One week	(44,981)
2024	95% VaR (£)
One day	(27,635)
One week	(62,024)

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.

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 2025 and 31 December 2024, 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 2025 and 31 December 2024, 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 2025 and 31 December 2024, 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.



Notes to the Financial Statements

Group 2025	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	Total £'000s
Derivative financial instruments				
Derivative financial instruments	2,348	-	-	2,348
Fair value of hedged assets in portfolio hedges of interest rate risk				
Fair value of hedged assets in portfolio hedges of interest rate risk	2,377	-	-	2,377
Financial assets held at fair value through the income statement				
Unquoted equity securities	-	-	2,827	2,827
Financial assets at fair value through other comprehensive income				
Quoted Sukuk	38,098	-	-	38,098
Total	42,823	-	2,827	45,650

Company 2025	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	Total £'000s
Derivative financial instruments				
Derivative financial instruments	2,348	-	-	2,348
Fair value of hedged assets in portfolio hedges of interest rate risk				
Fair value of hedged assets in portfolio hedges of interest rate risk	2,377	-	-	2,377
Financial assets held at fair value through the income statement				
Unquoted equity securities	-	-	2,827	2,827
Financial assets at fair value through other comprehensive income				
Quoted Sukuk	38,098	-	-	38,098
Total	42,823	-	2,827	45,650

Group 2024	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	Total £'000s
Derivative financial instruments				
Derivative financial instruments	11,337	-	-	11,337
Fair value of hedged assets in portfolio hedges of interest rate risk				
Fair value of hedged assets in portfolio hedges of interest rate risk	(371)	-	-	(371)
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	39,248	-	8,228	47,476

Company 2024	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	Total £'000s
Derivative financial instruments				
Derivative financial instruments	11,337	-	-	11,337
Fair value of hedged assets in portfolio hedges of interest rate risk				
Fair value of hedged assets in portfolio hedges of interest rate risk	371	-	-	371
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	39,248	-	7,286	46,534

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 Level 3 asset	Carrying value 2025 £'000s	Carrying value 2024 £'000s
UK Unquoted equity securities	2,827	8,228
Total	2,827	8,228

Company Level 3 asset	Carrying value 2025 £'000s	Carrying value 2024 £'000s
UK Unquoted equity securities	2,827	7,286
Total	2,827	7,286

Notes to the Financial Statements

Group 2025	Financial assets held at fair value through the income statement		
	Financing arrangements	Unquoted equities	Total
	£'000s	£'000s	£'000s
Balance at 1 January	-	8,228	8,228
Fair value uplifts	-	127	127
Net settlements	-	(5,528)	(5,528)
Balances at 31 December 2025	-	2,827	2,827

Group 2024	Financial assets held at fair value through the income statement		
	Financing arrangements	Unquoted equities	Total
	£'000s	£'000s	£'000s
Balance at 1 January	-	18,278	18,278
Fair value uplifts	-	(10,050)	(10,050)
Balances at 31 December 2024	-	8,228	8,228

Company 2025	Financial assets held at fair value through the income statement		
	Financing arrangements	Unquoted equities	Total
	£'000s	£'000s	£'000s
Balance at 1 January	-	7,286	7,286
Fair value uplifts	-	1,069	1,069
Net settlements	-	(5,528)	(5,528)
Balances at 31 December 2025	-	2,827	2,827

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

A 20% decrease in property prices would reduce the fair value of financial assets held at FVTIS by £0.6m and £1.5m as at 31 December 2025 and 2024, respectively.

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'. 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:

	2025		2024	
	5%	5%	5%	5%
	Favourable Change £'000s	Unfavourable Change £'000s	Favourable Change £'000s	Unfavourable Change £'000s
Net Rental Yield	1,088	(984)	696	(630)
Market Rents	1,027	(1,027)	661	(661)
Stabilised Operating Leakage	251	(251)	166	(166)
Portfolio Transaction Costs	23	(23)	15	(15)
Total	2,389	(2,285)	1,538	(1,472)

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 indicators. 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.

Notes to the Financial Statements

The Bank's regulatory capital position was as follows:

	2025	2024
	£'000s	£'000s
Core Tier 1 Capital		
Share capital	150,049	150,049
Retained losses	(36,644)	(24,352)
Add back of IFRS 9 impairments due to transitional arrangements	-	-
Other Reserves – FVTOCI	(3,615)	(4,378)
	109,790	121,319
Deductions from CET1	(17,609)	(12,736)
Tier 2 Capital	18,939	18,500
Total regulatory capital	111,120	127,083

37. Non adjusting events after the financial period

There were no material events subsequent to 31 December 2025 and up until the authorisation of the financial statements for issue, that have not been disclosed elsewhere in the financial statements except the sale of GBTRG which was completed on 31 March 2026. The disposal resulted in a gain of approximately £12million.

The Bank continues to closely monitor the evolving Middle East conflict. Based on current assessments, no material impact from the conflict has been identified in respect of the Bank's exposures or its business activities.

38. Parent and ultimate parent undertaking

The Bank's immediate parent, ultimate parent undertaking and ultimate controlling party is Gatehouse Financial Group Limited ("GFGL"). These financial statements are available upon request from Gatehouse Financial Group Limited, 44 Esplanade, St Helier, Jersey JE4 9WG.





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