



Castle Trust Holdings Limited

Annual report and financial statements for the year ended 30 September 2025

Registered No: 12161224

Annual report and financial statements

For the year ended 30 September 2025

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Corporate Information

Registered No: 12161224

Directors

Mr Kenneth John Stannard

Mr Andrew Spencer Doman

Mr Timothy John Hanford

Ms Marian Macdonald Martin

Ms Melba Margaret Montague

Mr Eric Edward Anstee

Mr Tughan Alioglu

Mr Martin Paul Bischoff

Mr Paul Lloyd-Jones

Secretary

Mr Andrew David Macdonald

Auditors

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Bankers

HSBC Bank PLC, First Floor, 60 Queen Victoria Street, London, EC4N 4TR

NatWest Bank PLC, 1 Princes Street, Bank, London, EC2R 8BP

Lawyers

Macfarlanes LLP, 20 Cursitor Street, London, EC4A 1LT

Registered office

10 Norwich Street, London, EC4A 1BD

Principal place of business

Tower 42, 25 Old Broad Street, London, EC2N 1HQ



Report from the Chair of the Board

Castle Trust Bank (or “CTB”) has delivered another year of robust profits in 2025, with Profit Before Tax (“PBT”) of £9.4m.

Our profitability continues to show great resilience in the face of funding cost pressures and the challenges of a sluggish property market. With respect to growth, 2025 has seen our loan book grow by an impressive 45% driven primarily by a strong performance in the Property division. We have ended the year at a total capital ratio of 16.4%, comfortably above our regulatory requirement.

Profits have been delivered despite Net Interest Margin (“NIM”) reducing from 5.4% to 4.7% in 2025, with competition for deposits driving up the cost of funding in an environment where mix and strong lending competition have limited pricing upside.

CTB has made encouraging progress in managing down non-core property assets. These consist of legacy loans and products not offered by the Bank for many years. Closing out this tail in a slow property market does produce some impairment volatility, which has been substantially absorbed in the past two years. Whilst these legacy assets constitute a much smaller proportion (single digit %) of CTB’s balance sheet, the wind-up process has been an ongoing drag on profitability. Once complete, the transition away from these non-core assets should result in our Return on Equity (“RoE”) uplifting from the current year position of 5.4% into double-digits, notable for a bank of CTB’s scale.

Capital is an essential support for growth, and we recognise that changes to requirements will be driven by the implementation of the Small Domestic Deposit Takers (“SDDT”) regime and Basel 3.1. We are confident in our ability to respond to these changes through adjustments in asset pricing and mix.

I am very much encouraged to see the business exiting 2025 well positioned for significant near-term profitability growth and a corresponding increase in returns for investors.

Customers and Colleagues

2025 has seen an impressive array of new customer facing technology and new products in property, point of sale finance and deposits. The team has worked with customers and brokers, listening and collaborating to design the best product and process solutions possible. The change capacity of this small bank continues to surpass expectations.

Our “Customer First” value is omnipresent, and is reflected in our performance across Customer Duty, Conduct and Compliance measures. Our customer Net Promoter Score (“NPS”) continues to be very impressive reflected by strong scores of +34 for Savings and +67 for Omni customers.

Culturally, CTB is a great place to work with a vibrant One Bank culture, that is apparent in all of the interactions that the members of our Board and I enjoy. Employee engagement scores are top decile, with a 94% participation rate and an overall colleague engagement score of 8.0, 0.1 above the external benchmark. These strong results contribute to very high retention rates across our talented team. In line with our values, we continue to support important initiatives such

as workplace diversity, achieving Disability Confident Employer status in the year and remaining on target in the next financial year to meet or exceed our Women in Finance target of 35% of senior roles being held by females. In addition, we actively support our local community through the Destination Basingstoke programme.

Our Customer and Social Responsibility Committee ("CSRC") which is chaired by Melba Montague, oversees our Environmental, Social and Governance ("ESG") programmes with the full commitment from the Board and myself. I would like to thank Melba and the team for their excellent work on this.

Risk Focus

As Castle Trust Bank grows in its journey as a Bank, the Board remains very aware of the importance of operational resilience and sound risk, governance and controls across the business. We continue to enhance our credit risk capabilities, not just in the use of data and modelling in our underwriting, but also in the ongoing monitoring and support of our customers. As a business we continue to invest in our control environment both in terms of colleagues and technology to support a growing business. The Board is also very closely involved in monitoring the Bank's progress around its Consumer Duty requirements ensuring that our products and services continue to provide customers fair value and good outcomes.

The Board and Executive Team

The Executive team has been established for several years and has a strong track record for delivering excellent business results and implementing complex change projects. As a well-capitalised bank, we are in a good position to take advantage of any attractive inorganic opportunities. Given the level of talent within the bank, I know that we would be able to successfully integrate the right target and leverage the growth potential that would come with it.

Looking Ahead

Whilst annual inflation may well have abated, prices remain high, and our customers remain challenged. Our approach to pricing and risk has adapted to this new environment and we remain highly focused on ensuring every lending decision remains responsible whilst delivering strong marginal returns on the equity required - across all of our product offers.

This approach underpinned by a strong capital and liquidity base means that we can look forward to delivering on our strategic plans for the Bank with our Customers at the very heart. As the Chair I am very excited about what the next year would bring in our journey. I would like to thank the Board, our CEO, Martin Bischoff, and all of our colleagues for delivering another strong performance in 2025 and I look forward to an even more successful 2026.



Kenneth Stannard
Chair



Chief Executive Officer's Report

As I reflect on the performance of the past year, I am proud of our robust response as a Bank in the face of tough market conditions across the sector. Despite this we have managed to achieve significant growth especially in Property. The Property originations team has had an outstanding year and has transformed their balance sheet to £1.1bn, year on year growth of 64%. We took the opportunity to focus on growing our Bridge and term Property lending on the back of declining consumer confidence and the consumer point of sale market seeing a year on year fall in demand. This has been further compounded by the exiting of a key retailer partnership which impacted new business in the first half of the year. As a result, Omni originations fell 20% year on year and the balance sheet experienced a fall of 8% year on year. Total assets now stand at £1.7bn a growth of 51%. This total asset growth was supported by our strengthened savings proposition as we approached the threshold of £1.5bn in Customer Deposit balances.

As a Bank, we have maintained good discipline in credit and pricing and remain focused on managing our resources prudently to maintain robust levels of profitability. All of this has been achieved whilst maintaining our core values and continuing to make substantial investments in our products, technology, people and our brand. This is reflected in the improved and strong NPS and Trustpilot scores from our customers across our business lines.

As a result, we delivered a total Statutory Profit Before Tax (PBT) of £9.4m (2024: £9.1m) and a total ROE of 5.4% (2024:5.5%). This represents a solid performance against the headwinds we faced as a business and an increase on the prior year. In July 2025 we received an additional £8m of Tier 2 capital from our shareholder, J. C. Flowers & Co., reflecting their confidence in our long-term strategy for growing the Bank. The continued pressure of the high-interest rate environment on our funding costs, changes to product mix and a lagged effect on our asset pricing, have resulted in our Net Interest Margin ("NIM") reducing to 4.7% (30 Sep 2024; 5.4%). However, the easing of the Bank base rate gives us confidence that NIM pressure will ease as we go forward into our next financial year.

Property impairments have been elevated in the year. This has been primarily concentrated in historical cohorts, particularly those originated pre 2020 and on 2nd charge loans that are no longer offered. We believe that by managing the risk on the legacy loans and being proactive on recovery we will protect our long-term financial health and demonstrate that these are isolated events putting us on a path to our medium-term goal of delivering sustainable, double-digit ROEs.

The cost-of living crisis and higher interest rates have put pressure on customer affordability. As a responsible lender, we have continued to support our customers during these difficult times. In Property we enabled customers to fix in rates earlier in the lending process to give peace of mind and in Omni we continued to provide the majority of our loans via interest free credit and where we provide interest-bearing loans continue to complete rigorous affordability checks on all customers. In Savings, where possible, we passed on interest rate rises to our customers and this has shone through in our latest strong NPS scores.

In short, we were able to look after our customers and deliver a strong business performance. Our continued investment in digital capabilities mean that we are now well placed to benefit from enhanced products, pricing and scalable capabilities across our product ranges.

The place to do business

Castle Trust Bank operates across three established business lines:

- **Property** had an outstanding 2025. The team has built strong relationships with intermediaries and key borrowers during the year that were instrumental in the delivery of its growth. Our product suite provides financing for homeowners and landlords with specialist solutions to match their individual financial needs. As a result, Property delivered £609m of new lending. The significant investment we have made on our Property front-end system PULSE continues to allow us to deliver an exceptional customer experience both to the brokers we work with and to our borrowers.

During 2025 we launched advancements on our lending platform that fully integrate valuations, ID checks, electronic signatures and payments to give a seamless end to end journey all the way from application to redemption. Our investment in new technology has meant that we have achieved significant balance sheet growth efficiently with minimal headcount growth. During the year we introduced several variations of our Bridge and term product offerings to the market, recognising market and borrower requirements. We continue to review and broaden our product proposition, especially with the upcoming Basel 3.1 changes to capital rules, to help even more customers get access to Property finance that is designed to meet their individual needs.

- **Omni** works with retailers and their customers to provide finance that enables both businesses to thrive and people to access valued goods and services. Put simply, “we power purchases to improve lives” in conjunction with more than 2,000 retailers. The credit quality of our lending remains high with an average monthly gauge score of nearly 645 throughout the year. Our robust affordability checks on all our lending have helped ensure 93% of balances were up to date at year end (2024: 94.1%). Over 70% of our lending is interest free and average APRs on new, interest-bearing loans remained at 13.5% in line with largely stable interest rates seen across the year. We are proud of the level of service our customers receive and this is reflected in our “Great” Trustpilot score which stood at 4.2 at the end of September. We continue to invest in digital technologies that drive customer satisfaction by delivering a significant upgrade to our e-commerce integration layer, including working with platforms such as WooCommerce, Magento and BigCommerce. Omni is underpinned by automated technology that processes nearly 170,000 lending decisions a year, generating high quality, low arrears assets. Our digital credit approval system fits seamlessly with the sales processes of the retailers we work with, with over 80% of applications decisioned automatically within minutes.

Although Omni’s originations were down year on year, we have strategically reduced our dependence on intermediated relationships and have entered into direct partnerships with some significant household names through our Tier 1 strategy. We have a strong pipeline of prospective retailers as we position Omni for growth over the coming years. Given the size of the addressable market and the proven, scalable infrastructure we have in place, I remain excited about Omni’s future.

- **Savings** also had an exceptional year of growth, with a record level of originations (£1.3bn) and balances increasing by 56% to £1.5bn. As a bank with a strong focus on developing long term relationships, we were particularly pleased by the growth of our ISA proposition, having achieved the milestone of over £1bn of total ISA balances. Our customer base also grew by 38% during the year (from 26,000 to 36,000). This growth was, in large part, delivered by our focus on putting our customers first, reflected in continued investment in our digital proposition (including upgrades to our App and Customer Portal).

On the product front, we expanded our Notice Account product range with the introduction of a 35-day notice account, and we also entered into a new partnership with Hargreaves Lansdown to provide our customers with an easy access range across both ISA and non-ISA. We plan to follow this with the launch of a Castle Trust Easy Access product in 2026.

Our key metric of customer satisfaction, our NPS increased to +34 in 2025. This was mirrored by a “Excellent” Trust Pilot score of 4.3, with more than 600 reviews during the year. This commitment to customers was recognised externally with Castle Trust Bank winning a Five Star Easy to Open Award from Moneyfacts and 2 ISA awards from Money Comms: Best Fixed Rate Cash ISA provider and Best Ethical Cash ISA Provider.



The place to work

At Castle Trust Bank we have a clear set of values and a One Bank culture where everyone works together to deliver great things for our customers our colleagues and our business. I'm really pleased with how we continue to build and evolve our culture and in 2025 we launched our High Performing Team programme ("HPT") where we reminded colleagues of our vision, supported the development and alignment to functional strategic plans and introduced a number of internal initiatives to drive a HPT culture.

Our Environmental, Social and Governance ("ESG") team continue to be at the heart of a wide range of impactful initiatives, supported by Melba Montague as our dedicated Board Customer and Social Responsibility Champion. Our commitment to ESG remains a key part of delivering on my promise to make Castle Trust Bank the place to work.

This year, we've seen fantastic progress across our sustainability and community programmes. Since launching our Plant-a-Tree Savings initiative, we have planted over 49,000 trees, helping to offset our environmental footprint and contribute to a greener future. Over the past three years, we have also diverted more than 500 items of electronic waste from landfill, raising £2,500 for charity by recycling and repurposing equipment. All of our employees are given a dedicated volunteering day and these have been used to support local causes, demonstrating our collective commitment to giving back to the communities we serve.

We continue to help customers improve the energy efficiency of their homes through partnerships with home improvement retailers and by providing funding to landlords for property refurbishment. We've further reduced printed correspondence in favour of digital communication, supporting both convenience and sustainability. Our ESG team also brought colleagues together for another fantastic environmentally conscious, Western-themed summer barbecue, celebrating our shared achievements and sense of community. We were proud to support several colleagues with charity sponsorships for incredible challenges — from long-distance bike rides to marathons along the Jurassic Coast — reflecting the passion and dedication of our people.

Our dedication to social responsibility also remains strong. We have worked hard to foster a diverse, inclusive, and equitable environment within the Bank. We have launched our own mentoring programme and our PROUD network continue to support LGBTQ+ initiatives, with a number of colleagues joining the Basingstoke PRIDE event in August this year. We have expanded our management development and colleague training programmes, continued to focus our support for mental health initiatives, and further advanced our community engagement efforts with our continued sponsorship of a local not-for-profit organisation, Destination Basingstoke. Furthermore, we continued to build our relationship with Enham Trust - a charity that supports disabled people to live, work and enjoy life – and are looking to work with them further to achieve our Level 3 Disability Confident employer status.

Strong governance practices are foundational to the Bank's integrity and operational success. Our commitment to ethical conduct, risk management, and transparency ensures that we are positioned to create long-term value for our stakeholders. During 2025 we continued to fully embed Consumer Duty within our business and strengthened our focus on delivering good customer outcomes.

We continue to measure and gauge evidence of how Castle Trust Bank is becoming the place to work through our independent colleague engagement surveys where our latest score was 8.0/10, a slight reduction from the previous year, but still a high score and still above the external benchmark. I would like to take this opportunity to thank my Executive & Leadership team as well as all our colleagues for their outstanding contributions and for making our Bank the place to Work.

The place to invest

I would like to thank our shareholder, J. C. Flowers & Co., for their long-term support, which has enabled Castle Trust Bank to focus on growing the business to help more customers. The additional Tier 2 capital provided by our shareholder this year means we remain well capitalised with an unaudited Total Capital Ratio of 16.4% (2024: 16.8%).

This strong shareholder support lets us make long-term decisions and long-term investments in the bank. The attractive returns we continue to generate have been re-invested back into the business both to support balance sheet growth and to enhance our digital and data platforms. As part of our broader digital strategy, we successfully launched a significant upgrade to our website in July 2025. The new website is simpler to use,



easier to navigate and provides a better way for our customers and strategic partners to connect with Castle Trust Bank online.

During 2025 we continued to develop a strong Technology platform to support our growth plans enabling efficient scaling and providing robust Operational resilience. Significant enhancements were made during 2025 across all our business units including the Broker portal PULSE, fraud decisioning capability, shadow limits and eligibility checkers on Retail finance and Savings Mobile application upgrades. We also achieved notable milestones in enhancing our “One Bank” platform which encompasses a common and integrated Data, Reporting and CRM capability with improved Technology resilience through Mutli Cloud capability.

We continued to build on our work on Generative AI through 2025 to enhance a range of colleague experiences. We have invested in new Generative AI tooling across a range of target customer and colleague use cases, including introduction of a new AI enabled Quality Assurance platform (EVie) and a HR / Policy agent for colleagues. In 2026 we are planning to invest in AI agents for specific Customer Service and Underwriting use cases.

2025 also saw a particular focus on investment in our Cyber Security tooling and infrastructure. This investment includes delivery of an Offensive Security capability, providing threat intelligence and increasing velocity of testing. From a network perspective, we have implemented an AI powered network security platform to enhance monitoring and provide advanced analytics.

Regulations & Outlook

In January 2025, the PRA announced the delay to Basel 3.1’s implementation date, now coinciding with the implementation date for Small Domestic Deposit Takers (“SDDT”) on 1st January 2027. This has now removed the requirement for any Interim Capital Regime (“ICR”). Management has undertaken an initial assessment of the impact of these rules, and we expect to see both increases and reductions to individual components of the overall capital requirement and capital buffers applied to Castle Trust Bank. Where there are specific, and material increases in capital requirement (particularly the revised treatment of residential and commercial real estate credit exposures) we expect to adjust our pricing strategy and to evolve specific elements of our proposition to manage increases in requirements and to seek out additional opportunities. However, we expect to continue to support our current customers, to continue growing our Property and Omni business lines and to be able to manage any net increase in capital requirements from internally generated resources.

Looking ahead, I believe we can continue to scale our bank by leveraging our technology and supporting our colleagues and customers to make the most of the powerful tools we are equipping them with. Together with our focus on our core specialist markets and continued efficiency improvements, I am confident we can continue to grow and maximise value creation. In 2025, Castle Trust Bank has continued to prove its resilience through economic cycles and market fluctuations, and we are confident that our strategic initiatives will position us for continued success as we enter into 2026.



Martin Bischoff
Chief Executive Officer



Key Highlights

Financial Performance

- Profit Before Tax of £9.4m (2024: £9.1m).
- Strong origination performance saw Property Finance assets grow to £1,064m (2024: £648m). Omni Point of Sale assets decreased to £194m (2024: £210m) following weaker customer demand and the exit of a key broker relationship.
- Unaudited Total Capital Ratio of 16.4% (2024: 16.8%), above our regulatory requirements.
- Deposit funding costs have marginally decreased to 4.2% (2024: 4.3%).
- Economic position saw cost of living pressures increase with the Cost of Risk rising to 106 basis points (2024: 89 basis points).

Customers & Products

- We helped around 170,000 customers across our Property, Omni and Savings business lines.
- Strong customer NPS of +34 for Savings and +67 for Omni customers.
- Excellent progress on innovating and digitalising our product offering:
 - › Property - assets exceeded £1bn, PULSE allows brokers to self-serve much more of the application process, and new Dual Representation arrangements with solicitors help achieve quicker bridging turnarounds.
 - › Omni - further enhancements to our decisioning capabilities, risk tools and marketing capabilities.
 - › Savings - high volume of deposits increased us to £1.5bn in balances. Expanded our range to include more Notice Accounts, and Easy Access accounts on Hargreaves Lansdown (launched in September).
- Continued no-cost presence on comparison website and successful trial on paid comparison website. Ongoing partnership with Flagstone supported by new partnership with Hargreaves Lansdown to diversify our funding options.
- Complaints have fallen once again year on year and have decreased 83% in the last four years, demonstrating the benefits from the continual process improvements we make across all business lines.

Environment, Social and Governance (ESG)

- Castle Trust Bank recognises it plays an important role in helping to protect the environment and support social initiatives whilst making sure our business is well governed. We remain committed to the goals set out in the Board approved ESG plan.
- Continued success of our award-winning Savings Green initiative - with a tree planted for every new e-Account opened – with over 49,000 trees planted by the end of September 2025.
- We have continued to be a core sponsor of a not-for-profit organisation, Destination Basingstoke, which organises community and business events in the local area. We sponsored an award in their community-based 'Place To Be Proud Of' awards for the fourth year running, and were shortlisted in two categories ourselves in their Inspire Awards.



Colleagues

- With a 94% participation rate, our overall colleague engagement score was 8.0 (0.1 points above the external financial services benchmark score), as measured by our independent partner, Peakon (part of Workday).
- Implementation of our HPT campaign to support a high-performance culture, giving clarity of the overall mission, business line strategic plans, celebrating successes through the launch of Vision Boards, functional and cross team development and cascading and aligning teams on the way through a series of Podcasts.
- Continued to invest in our Senior Leadership team through an externally facilitated formal leadership qualification from the prestigious City & Guilds, with 10 current participants, following the successful graduation of 11 managers in FY25 and 10 in FY24.
- Supported 17 line managers through our internally facilitated Management Development Programme.
- Transitioned the customer service operational teams into one Central Contact Centre, introducing a new recruitment journey, new multi-product training programme and pay for competence model.
- Embedding the Skills & Competency Framework to support individual development and career growth for colleagues, providing training aligned to the S&C levels to address any skills gaps.
- Embedding the Learning Hub (Learning Management System), HR Hub (HR & Payroll Information System) and Training Hub (internal 'go to' place for all development sources).
- Re-launch of 'We are PROUD Network' as part of the ESG working group in support of our LGBTQ+ community.
- Continued development of EDI Strategy that includes our commitment to Women in Finance – with the introduction of our first Mentoring Programme, senior leader Q&A panels and as well as awareness and education of Neurodiversity in the Workplace, Menopause Pledge, and achieving Level 2 as a Disability Confident Employer.
- Further development of the Health & Wellbeing Plan, supporting national / international events and raising the awareness and encouraging greater leverage of our internal Mental Health First Aiders.
- Refreshed the careers site as part of the new Castle Trust Bank and Omni Retail Finance website launches.
- Successfully implemented the Worker Protection (Sexual Harassment) Regulations through online and face to face training, developing a specific risk assessment with controls, creating a new company procedure to protect our workforce from sexual harassment.
- Introduction of a Banking 101 induction session for new starters that includes an overview of Castle Trust Bank and the three business lines as well as an overview of what it's like to work for a bank and what's expected of you as a colleague of CTB.



Technology

- Castle Trust has invested in building a strong Technology platform to support our growth plans, enable efficient scaling and provide robust Operational resilience.
- In 2025, we delivered significant enhancements to our customer propositions across our Property, Omni (Retail Finance) and Savings businesses:
 - › In our Property business, we have launched our new Broker and Origination portal ("PULSE") which delivers a significant improvement to our broker experience as well as new automation across our underwriting and fulfilment teams and processes.
 - › We strengthened our Retail Finance proposition through enhancements to core technology, including improved ID&V and fraud decisioning and the introduction of new features such as Shadow limits and an Eligibility checker.



- › For Savings we introduced Mobile App and Web Portals upgrades including new customer features for credentials and vulnerability management.
- › New websites launched for both Castle Trust and Omni brands, which provided a significant refresh of the site's look and feel together with improved Savings product selection journey and new customer support content
- Castle Trust has developed a "One Bank" platform which encompasses a common and integrated Data, Reporting and CRM capability. In 2025, we achieved some notable milestones to enhance this platform, including a new Marketing CRM platform and automation of regulatory reporting leveraging on our Cloud Lakehouse.
- Castle Trust continues to invest in new generative AI tooling across a range of target customer and colleague use cases, including introduction of a new AI enabled Quality Assurance platform (EVie) and a HR / Policy agent for colleagues. In 2026 we are planning to invest in AI agents for specific Customer Service and Underwriting use cases.





Strategic Report

Strategic Report

The directors present their strategic report of the consolidated financial statements of Castle Trust Holdings Limited (the “Group”, “Castle Trust Bank” or the “Bank”) incorporating the individual financial statements for Castle Trust Holdings Limited (the “Company”) for the year ended 30 September 2025.

Throughout these financial statements, “Castle Trust Bank” is used as a term that captures all operational activity of the Group. This is principally the property lending and deposit taking activities of Castle Trust Capital plc (“CTC”) and the point of sale consumer lending activities of Omni Capital Retail Finance Limited (“Omni”).

Our Purpose

Castle Trust Bank is a specialist bank with a simple purpose: to help customers achieve their financial goals. Our purpose is particularly significant because many of our customers are not well served by mainstream financial services.

We are here to help customers by:

- providing a secure home for people’s savings.
- providing homeowners and landlords with specialist solutions to match their individual financial needs,
- working with retailers and their customers to provide finance that enables both businesses to thrive and people to access valued goods and services; and

Did you know?

Castle Trust Bank:



Assisted more than 1,400 homeowners and landlords in 2025



Supported nearly 2,000 small and medium sized businesses to help them grow over the last year



Helped more than 130,000 customers finance the goods and services they needed ranging from musical instruments and beds to dentistry work in 2025



Provided a safe and secure home for the savings of over 35,000 savers in the last year

Everyone who works for Castle Trust Bank contributes to our purpose, creating a unique One Bank culture which is critical to the business's success. Castle Trust Bank's culture is underpinned by its values, which are celebrated and promoted, whether in the little things we do on a daily basis or in how we recognise colleagues who go above and beyond in our monthly and annual awards. Castle Trust Bank aims to be The Place To Work, a place where all colleagues can thrive and grow as they contribute to our purpose. Our home is in Basingstoke, and we continue to be core sponsor of Destination Basingstoke, a not-for-profit organisation that creates community events and supports the local business community. We plan to become the financial services employer of choice in the district of Basingstoke and Deane.

Our Values

We are passionate about living our values which are:

We put customers first

Customers at the heart
of everything we do

We are forward thinking

Investing in our
people, our business
and our future

We take professional pride

We treat people the way
we want to be treated
and we take pride in
everything we do

We achieve together

One team,
making a difference

We are open & transparent

We're approachable,
authentic and
open-minded





Business Model and Strategy

Castle Trust Bank is a specialist lender in the UK. It has the expertise and the ability to deliver products that are valuable for customers but not offered by the traditional banking industry. The Bank competes in business segments that can deliver attractive shareholder returns relative to the risks that they represent. This is supplemented by strong distribution networks, the strength of Castle Trust Bank's underwriting and superior market insight. This has enabled the Bank to deliver competitive pricing in both lending and deposit taking products relative to its peers.

Castle Trust Bank principally provides point of sale consumer finance and mortgage finance. These flexible lending solutions are currently funded using savings from retail customers.

The way we do business is underpinned by our values. We place the highest importance on treating our customers, and colleagues fairly, not just because it's the right thing to do but because we know that the trust of our customers and colleagues is crucial to the Group's future success.

Property – one of the leading specialist UK property lenders

We are one of the leading specialist UK property lenders. We finance landlords with specialist solutions to match their individual financial needs. Our property business is based on innovative products with attractive returns, high repeat business and an established position in growing segments. We are competitively priced across the specialist mortgage sector and look to dominate in chosen niches. The return we earn more than compensates for the risk we take, and we have the confidence to amend volumes as opportunities arise. We serve the bridging and specialist Buy to let Market

We source our business from intermediaries. Our property team have a clear USP based on the strength of the relationships we have with our brokers. Brokers know we are flexible, solution-focused and reliable. We work with a trusted panel of solicitors for introducing title insurance and offer exclusive products to our key introducers. We are recognised for our high service levels (speed and certainty of lending) enabled by technology, with a pragmatic approach to underwriting utilising digital technology. This is exemplified by our broker portal, which enables online submission and management of cases. We have invested heavily in our Property Transformation Programme which has delivered an exceptional customer experience both to the brokers we work with and to our borrowers. This has now launched and given us an advanced lending platform that has valuations, ID checks, electronic signatures and payments fully integrated to give a seamless end to end journey all the way from application to redemption. Customers have even greater flexibility in how they manage their loans including selecting their preferred Direct Debit date. The new platform is delivering processing efficiencies, enhancing the colleague experience and is integrated with our general ledger. This has enabled us to grow our originations significantly with a marginal increase in cost.

The product range are all first charge loans secured against a range of residential property including specialist assets such as houses in multiple occupation, buy-to-let portfolios, holiday lets and multiple unit freehold blocks. Target customers are professional landlords and portfolio investors. We currently have a legacy book of 2nd charge mortgages and development finance which is in run off; we no longer offer that product. Castle Trust Bank has a flexible and innovative approach to structuring products. This focus enables Castle Trust Bank to deliver attractive and sustainable risk adjusted returns more than those which are available in the mainstream mortgage market.

Over the last couple of years, we have been building our light and heavy bridging propositions to provide customers with a wider range of finance options. We consider a broad range of schemes including refurbishment and conversions under permitted development rights. We continue to grow our volumes in this sector.

Omni - powering purchases, improving lives

Omni works with retailers and their customers to provide finance that enables both businesses to thrive and people to access valued goods and services. We achieve this by providing customers with finance at the Point of Sale at one of our near 2,000 retail partners. We help customers purchase things they need whether that is improving their quality of life through private medical procedures, improving their standard of living through home renovations, or increasing their career prospects through vocational education courses. Put simply, Omni 'powers purchases and improves lives'.

Omni offers a digital credit approval system which fits seamlessly with the sales processes of the retailers we work with, and over 80% of customers are offered a fully automated loan within minutes. We continue to roll out our ecommerce capability working with platforms such as Woocommerce, Magento and Bigcommerce. Our swift credit decisioning is possible because Omni is underpinned by automated technology that processes nearly 170,000 lending decisions a year, generating high quality, low arrears assets. The credit quality of our lending is high with an average monthly gauge score in excess of 640 throughout the year. Despite a small deterioration in the year, arrears performance remains strong with 93.0% of balances up to date at year end (2024: 94.1%). We have very low fraud rates and have embedded market-leading prevention tools which has enabled us to work with a broader range of retailers including those selling high value items such as jewellery and electronics.

We have the capability to offer a range of finance products including interest free, interest-bearing, and deferred payment finance option which are available to customers depending on the retailers and the products they are buying. Over 70% of our lending is interest free, with the retailer paying a subsidy, offering customers a valuable proposition – especially given the continued uncertain economic conditions for households. Omni's lending gives customers access to affordable finance enabling them to buy the goods or service they need, and the retailer gets to complete a sale it might not otherwise have made.

Our digital solution allows our customers to access the self-service portal to manage their loans. We continue to automate self-servicing capability for our customers which enables them to check balances, change payment dates and settle their loan. We have had over 275,000 customers registered for the self-service portal making it convenient for customers to do business with us. We are committed to providing the best service to our customers and we regularly undertake customer surveys to make sure we understand their needs, with our latest customer survey receiving a +67 NPS score.

The combination of Omni's platform with the Group's low cost of funding and capability in credit analytics is expected to enable significant growth in Omni's loan book and accelerate the Group's profitability.



Savings – significant growth in our customer franchise and proposition

2025 was an exceptional year of growth for Castle Trust's savings franchise, with a 56% increase in balances (from £958m to £1,495m) and 38% in customers (from 26k to 36k). We achieved record origination volumes (£1.3bn) throughout the year with a peak of over £175m of new originations in May.

As a Bank we believe strongly in developing long term relationships with our customers and, with this in mind, we have a particular focus on building and scaling our ISA proposition. During 2025, we achieved a key milestone of over £880m of ISA originations and £1bn of total ISA balances by the end of the financial year.

During 2025 we continued to enhance our customer proposition with delivery of key milestones:

- Mobile App and Web Portals upgrades introduced including new customer features for credentials and vulnerability management
- New website launched in July, which provided a significant refresh of the site's look and feel and, specifically for Savings, an improved Savings product selection journey for customers and new FAQ content for customer support.
- New partnership with Hargreaves Lansdown which has proved successful across our Easy Access product range (ISA and non-ISA). We plan to follow this with the launch of a Castle Trust distributed Easy Access product in 2026.
- Expanded our Notice Account product range with the introduction of a 35-day Notice account.

Our investment in our customer proposition is reflected in our "Excellent" Trust Pilot score of 4.3. Castle Trust has also received external recognition with the Bank winning a Five Star Easy to Open Award from Moneyfacts and 2 ISA awards from Money Comms: Best Fixed Rate Cash ISA provider and Best Ethical Cash ISA Provider. The later award reflects our green initiative, where we plant a tree for every account opened, which has resulted in a combined total of over 49,000 trees planted by the end of the financial year.

"Our investment in our customer proposition is reflected in our "Excellent" Trust Pilot score of 4.3. Castle Trust has also received external recognition with the Bank winning a Five Star Easy to Open Award from Moneyfacts and 2 ISA awards from Money Comms: Best Fixed Rate Cash ISA provider and Best Ethical Cash ISA Provider."





Business Review

Overview

The UK economy remains fragile with expected growth of only 1.0% in 2025, ongoing inflationary pressures and increasing unemployment. As a result, UK consumers are continuing to adopt a cautious approach to spending, despite steady improvements in household incomes seen during the year with consumer confidence low.

Castle Trust Bank has been able to respond robustly to these challenges and has seen continued growth in its lending base, particularly in Property. The Bank continues to attract customers and along with careful management of the Castle Trust Bank's cost base and responsible credit risk management of both Property and Omni portfolios. The Bank recognises that certain sectors may face credit stress due to fragile economic growth and is considering these in the risk assessments. The Bank has been able to report another year of good profitability with Profit Before Tax of £9.4m (2024: £9.1m).

The capital position of the Bank remains robust as we continue to meet our required regulatory capital levels and associated buffers. The Group has historically generated additional capital to deliver growth through the continued reinvestment of retained earnings into the Bank's capital resources. To provide support for additional growth opportunities, the Bank received funding from a £8m subordinated bond issued to its shareholder in July 2025. This constitutes Tier 2 regulatory capital to allow for further growth in our lending.

On the lending side, in Property, Buy-to-let and Bridge offerings through the year, together with new broker partnerships has led to strong new originations flows with originations growing 169% YoY to £609m and the Property assets growing 64% year on year to £1.1bn. The consumer lending market has continued to see YoY falls which has caused subdued performance for much of the year. Despite Omni acquiring new partnerships with retailer's, the exit of a key partnership contributed to a reduction in origination levels year on year. The point-of-sale consumer lending loan book ended the year with £194m balances (2024: £210m).

Castle Trust Bank grew its Savings customers by 38%, increasing from 26,000 to 36,000. The Bank achieved origination volumes of £1.3bn during the year. Despite increased competition in the saving products market and the spread to SONIA remaining elevated for much of the year, our product offering across both ISA and Non-ISA markets and particularly our focus on ISA market has meant that Castle Trust Bank was able to grow its deposit base by 56% to £1,496m (2024: £958m) by the year end.

Against the economic landscape, asset growth has been managed with caution and as a responsible lender we have carefully loosened lending criteria through the year as the risks from the cost-of-living crisis and rising interest rates became less acute. The continued pressure of the high-interest rate environment on our funding costs and a lagged effect on asset pricing in particular have resulted in our net interest margin reducing to 4.7% (2024: 5.4%). As the interest rate gradually falls, the Bank continues to monitor customer repayment behaviour carefully to ensure the balance sheet values accurately reflect the expected outcomes. This is important across the retail banking sector, as many financial models have embedded repayment assumptions which drive loan values and income recognition.

In 2025, we continued to support our colleagues, recognising the ongoing cost-of-living challenges with a 3% pay rise. This was well received and has supported high levels of colleague engagement and retention. Castle Trust Bank monitors colleague turnover at Board level through regular People reports and our balanced scorecard. Employee turnover was within appetite at the end of the financial year.

Recent market developments

The British Economy saw one of the fastest growths of the G7 economies during the first half the year boosted by one-off factors including the rush of exports prior the implementation of US tariffs. The latest available ONS data show that the economy grew by around 0.3% in the quarter to June 2025, following the 0.7% increase seen quarter to March 2025. The second half of the year is expected to be much tougher with the UK GDP growth only expected to be modest over the medium term. The economy is only set to grow around 1.3% in 2025 and 1.2% in 2026 with businesses reporting elevated uncertainty and the impact of trade policy volatility on UK exports.

Inflation is expected to fall gradually over the next 3 years averaging around 3.3% in 2025 and 2.8% in 2026 as it trends towards the target of 2%. The impact of the increase in national living wages in April 2025 and the persistent wage growth in the labour market is expected to exert further upward pressure on the prices in the short term. Living standards will only grow modestly in 2025-26 for middle- and high -income households but is expected to decline for the poorest 10%. For these households, the higher than inflation increases in housing and food costs are seen likely to outstrip the income growth.

Following unemployment lows of 2024, the unemployment rate went up to 4.7% in July 2025 compared with 4.2% a year before. Job vacancies in the market continued their downward trend, despite the economic growth with employer hiring intentions remaining muted. There is also concern emerging about the rise in economic inactivity particularly due to long-term sickness. The annual real total pay growth was positive but low at 1.2% in June to August 2025, as a slowing labour market reduces workers bargaining power and as a result many households now not feeling an improvement in their household finances.

The Bank of England reduced its rates through a series of cuts during 2025 and there was a further reduction of 25bps to 4.0% at the September 2025 MPC. This represents the lowest level of base rate since March 2023. Global volatility, slow down of job markets and persistently higher inflation means that The Bank of England is expected to take a cautious approach to easing monetary policy with further reduction in interest rates finely balanced. The current market expectation is for another rate reduction before the end of 2025 taking the base rate to 3.75%. A slower pace of cuts is then expected from 2026 onwards with the medium-term outlook at 3.25%.

With consumer confidence remaining fragile there is a cautious approach to spending and a shift of focus towards building savings. Since the pandemic UK consumers have set aside increasing proportion of their income as savings, dampening spending growth. This has resulted in consumers delaying or remaining hesitant around committing to bigger-ticket or non-essential spending.

Housing market activity was volatile over 2025 due to the temporary increase seen as a result of the stamp duty threshold expiry at March 2025. This change saw the mortgage demand in late 2024 and at the start of 2025 increase and this also helped push up house prices. This effect has now started to unwind with both net lending and approvals softening in Q2 2025. Nationwide reported annual house price growth of 2.2% in the year to September 2025. Majority of the regions saw a drop in the regional house price index reflected in the data to Q3 2025. Northern Ireland saw around 9.6% growth in price and only 0.3% in Southeast London. Recent data suggests that semi-detached properties have seen biggest rise in prices over the last 12 months with average prices up 3.4% year-on-year and flats showing a decline of 0.5%. Flats have seen noticeably weaker growth than other properties in recent years with only around 20% increase over the last 10 years, half the rise of terraced houses in the same period. Whilst the fall in interest rates with base rate reductions over the past year has improved affordability, the outlook for further reductions look uncertain. Average two and five-year fixed rates mortgages are in the 4-5% range which may help new buyers but broader economic pressures including persistently high inflation and higher gilt yields could limit growth.

Castle Trust Bank recognises the challenging economic conditions and will continue to assess its credit risk appetite and support customers where they experience financial difficulty through our robust forbearance policies. We monitor our pricing for both lending and savings products to ensure that in a changing interest rate environment, our products remain competitive and attractive to customers.

We noted last year that we were keeping under review the wider impact of the recent litigation on Motor Finance.



Following the Supreme Court decision on 1 August 2025 and the launch of the FCA's Consultation Paper CP25/27 "Motor finance consumer redress scheme" we are now confident that the Group's products are out of scope of the proposed redress scheme and that there are no issues with the Group's current or historic products which require action. We continue to keep the position under review and are always looking to make improvements to our products over time.

Customer Outcomes

Throughout 2025, we have continued to strengthen our focus on delivering good customer outcomes. Consumer Duty is now firmly embedded across the organisation, with outcome assessments forming a routine part of governance, product oversight and decision-making.

We have used insights from our monitoring, customer feedback and operational MI to understand where customers may face challenges and to refine our approach accordingly:

Products and Services

Customers continue to receive products that meet their needs, with eligibility criteria and lending strategies adjusted where appropriate to ensure we do not lend into situations where foreseeable harm is more likely. We have refined our lending decisions in areas most impacted by the rising cost of living, helping ensure customers only take on credit they can afford.

Price and Value

Customers benefit from fair and competitive pricing, with product rates reviewed in response to market conditions and customer behaviour. We review product margins and market benchmarks regularly and adjust pricing where required to ensure customers receive fair value and are not paying more than necessary for the benefits they obtain.

Customer Understanding

We have refreshed colleague training and improved the clarity and visibility of product information and support options to ensure customers understand our products and the help available to them. This supports informed decision-making, particularly for customers experiencing vulnerability or financial pressure.

Consumer Support

We provide consistent, empathetic support to customers who face payment difficulty. Across the year, affordability assessments and surplus income buffers have supported good customer payment performance, helping to keep arrears stable in Omni and ensuring customers are not over-extended. Customers are also supported through flexible access to savings products when needed.

As we move into 2026, we continue to monitor key indicators across lending and savings, ensuring we remain responsive to changing customer needs, economic conditions and market trends. This ensures customers continue to receive good outcomes across the lifecycle of our products.

Outlook

The UK Economy is facing a mix of both domestic and international challenges that are impacting confidence levels and growth. The most recent GfK consumer confidence index in September 2025 showed all measures dropping further from previous negative positions with the overall index at -19. With consumer sentiment remaining fragile and households holding back on spending growth despite household income improvements, the concerns around UK business will be about customer demand. There is also a general expectation of tax rises in the November 2025 Budget, which also risks confidence levels dropping further.



The Chancellor delivered the Autumn Budget at the end of November and announced a series of measures aimed at stabilising public finances while funding key public service priorities. The economic outlook whilst downgraded from the Spring statement remains modest and inflation is expected to return to its target by mid-2026. The key measures announced by government included changes to income and property taxes, pensions, dividend income, cash ISA's, benefits and transport. Some of the measures, including the ISA changes and pension changes, are scheduled for 2027 and beyond. Whilst we acknowledge the changes particularly around ISA's we expect this to have limited impact given our target customers and average investment balances.

The FSCS also announced the increase of the FSCS protection to £120k, up from current £85k. The increase reflects inflation and maintains public confidence in the banking system. Castle Trust Bank has made the required system updates and disclosures with the new limit going live from 1st December 2025.

Regulatory and Conduct

In January 2025, the PRA announced the delay to implementation of Basel 3.1 in the UK by one year to 1st January 2027. This shortened the transition period with full implementation still remaining as 31 January 2030. PRA has also confirmed that the implementation date for SDDT's will be 1st January 2027. Therefore, this now removes the requirement for any ICR. Management has undertaken an initial assessment of the impact of these rules, and we expect to see both increases and reductions to individual components of the overall capital requirement and capital buffers applied to Castle Trust Bank.

Following CP10/23 and subsequent supervisory statement SS2/24 in March 2024, non-systematically important Banks had a deadline of 1st October 2025 by which they needed to have a Solvent Exit Analysis (SEA) in place. Castle Trust Bank prepared its Solvent Exit Analysis during the period, which was signed off by Board in September 2025.

Castle Trust Bank continues to monitor regulatory developments in relation to Conduct closely. The FCA continues to focus on the embedding of the Consumer Duty in regulated firms. In the previous 12 months, Castle Trust Bank has undertaken internal reviews on the following FCA publications:

- the FCA's review of how firms treat customers in vulnerable circumstances;
- guidance on bereavement processes and the use of powers of attorney; and
- findings from the regulator's review of the Consumer Duty's 'consumer support' outcome.

The FCA have also proposed to bring regulated Deferred Payment Credit (DPC) into FCA regulation from the 15th July 2026. The proposals are still in consultation; however, the impact of DPC lending coming into FCA regulation means that Omni's currently unregulated lending will in the future be subject to FCA regulation and by extension FOS jurisdiction and have Section 75 rights. The regulation of DPC lending disappplies many of the Consumer Credit Act (CCA) disclosure requirements and replaces them with FCA specific disclosure requirements. Omni have commenced an implementation project.

The reform of the Consumer Credit Act (CCA) continues to develop. In May 2025, His Majesty's Treasury (HMT) published a consultation aimed at modernising and simplifying the legislative framework. The proposals are to repeal many of the more prescriptive CCA provisions in relation to the content requirements of statutory documents, which will be re-written into the FCA handbook. The proposals are in their early stages but are geared towards looking at customer redress with the lens of "Customer harm". The Bank continues to monitor developments and impact.

The FCA have introduced ongoing consumer credit Product Sales Data (PSD) reporting requirements. PSD regulations require Omni to report specific sales and servicing data for all back book and current customers. From a data and reporting perspective, this has been a significant undertaking. Omni has submitted its first report in October 2025.

Castle Trust Bank welcomes the increase in the Financial Services Compensation Scheme (FSCS) limits, which have now risen from £85,000 to £120,000 per individual saver as of December 2025. A project has commenced



to implement relevant system and reporting changes at the Bank. We will be communicating to customers the increase in protection.

Historically, the Financial Ombudsman Service (FOS) applied a standard 8% simple interest rate for compensation awards. However, From 1 January 2026 a new interest rate will apply to FOS awards, calculated as a time-weighted average of the Bank of England base rate plus 1 percentage point. The changes will apply to complaints submitted to FOS after the implementation date. Although we do not anticipate this having a significant financial impact, we welcome the development as it is a closer reflection of the market conditions of potential missing income not received.

Consumer Duty

Consumer Duty has now been in place across the industry for over two years, embedding higher and clearer standards of consumer protection across financial services and requiring firms to put their customers' needs first. Castle Trust Bank's first corporate value is Customers First, and the embedding of Consumer Duty has continued to align well across the bank's three business lines.

During FY25, the bank's second Consumer Duty Outcomes Report was presented to the Board, with methodology and content independently reviewed by Internal Audit. The report was debated by the Board, who agreed that customers were receiving good outcomes while recognising the pervasive and ongoing nature of the Duty. Actions were recommended to further enhance the bank's delivery of outcomes, and progress is being overseen by the Customer and Social Responsibility Committee (CSRC), under the stewardship of Melba Montague, Chair of CSRC and Board Consumer Duty Champion.

Now entering the third year of the Duty, monitoring and governance have matured further, with Consumer Duty firmly embedded across business planning, risk management, and oversight forums. This has created a platform for colleagues at all levels to discuss potential improvements, challenge management information, and identify enhancements to customer outcomes. Looking ahead, Castle Trust Bank is focused on making its measurement of outcomes more tangible and data-driven, reflecting the Regulator's latest commentary and market expectations.

Credit Performance

Castle Trust Bank continues to carefully assess the state of the UK economy and its impact upon credit markets. The favourable impact of reducing interest rates has been tempered by stubbornly high inflation, significant pressure on the fiscal deficit and slow growth in employment. During the year we have significantly increased Property finance exposure, serving the BTL investor community with Bridge and Term loans, with notably strong demand from portfolio landlords and investors in specialist residential property. In Consumer Lending, the outlook and sector growth rate has been less favourable and management has reduced overall exposure. In both business lines the credit performance of new lending has been in-line with or slightly favourable to expectations. However, Property cases originated before management tightened credit criteria (2019–21), and which were in workout over the last two years when interest rates were elevated, have, similarly to last year, seen worsening recovery prospects and, as a result, the impairment charge is elevated for this year. As interest rates normalise and older cohorts of loans are resolved we expect the impairment charge to reduce over the next two to three years.

Group evolution

The function and role of Castle Trust Holdings Ltd, the Company and its subsidiary entities ("The Group") has changed significantly over the last few years as the business embarked on the journey to become a bank. A key part of the process was a group simplification exercise where the activities of several subsidiary entities were either wound down or transferred to other subsidiaries, principally CTC.

The first stage of the simplification took place with the sale of the house price derivative component of the HPI mortgage book and several house price option contracts to a related entity on 30 September 2019. Once completed, this left a de-risked conventional mortgage book with minimal exposure to the related house price index component of the HPI mortgage product.



The second stage of the group simplification saw the treasury activity for the Group transferring to the CTC from another subsidiary Castle Trust Treasury Limited (“CTT”). From this point, CTC became the principal funding entity for the Group’s lending activities, in particular the consumer loan business and wholesale loan activities in Omni.

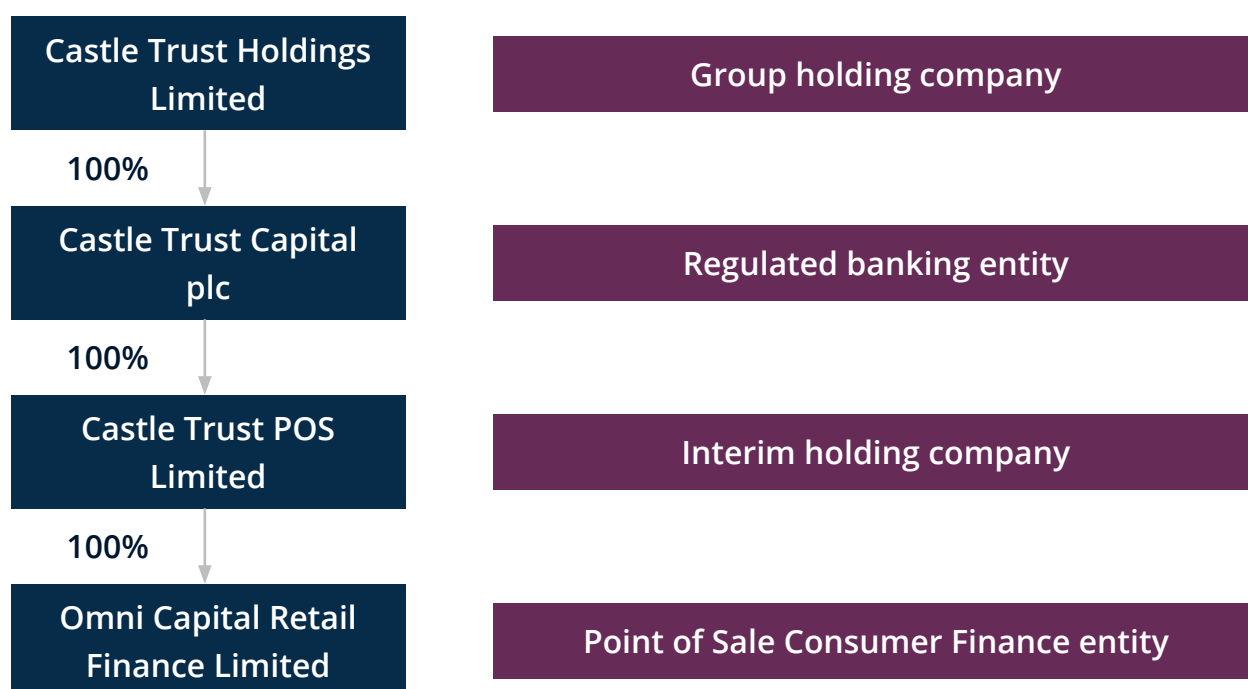
As a result of the first and second stages being completed, two subsidiary entities, CTT and Castle Trust Finance Limited (“CTF”) ceased trading activities and were dissolved on 6 October 2020.

The final stage of the group simplification was intrinsically linked to banking licence approval, as the Company launched bank deposits to replace the legacy Fortress Bonds and Housa investment products. Prior to being authorised by the regulators, the Group undertook a legal process to convert customers holdings in Fortress Bonds and Housas issued into new fixed term and structured deposit accounts.

This stage was completed successfully in June 2020. As a result, several subsidiary entities including Castle Trust Capital Management Limited (“CTCM”), Castle Trust Direct plc (“CTD”), Castle Trust Income House plc (“CTIH”) and Castle Trust Growth Housa PC (“the PC”) had no ongoing trading activity and were dissolved.

Group structure

The current operating structure of the Group is as follows:



Colleagues

Castle Trust Bank’s people are what makes the business work, creating great, bespoke solutions for its customers and developing the business for the future. We pride ourselves on having a ‘One Bank’ culture which is how our colleagues work together to deliver for our customers. This creates a vibrant working environment, which is reinforced by regular communication and feedback opportunities regarding business performance and updates against the strategic plan via an annual conference, regular Townhalls, Board / colleague Q&A sessions and delivery of our People and ESG plans.

The business has a strong leadership team in place, who work well together, bringing experience from a range of small banks, high street banks and building societies, regulators and specialist lenders. We strive to be an



inclusive and diverse workplace, encouraging each colleague to be themselves at work and have had a particular focus on enabling our female talent to grow through the introduction of a mentoring programme, robust career development conversations and plans, senior female leader Q&A panels – all in support of our commitment to the Women in Finance Charter.

The HR team work closely with Mental Health First Aiders and the ESG working group to ensure our colleagues are safe and have the tools to support a healthy lifestyle, supporting various national and local events as part of the Health & Wellbeing programme.

This year we have focused on developing a high-performance culture, through our annual conference at the end of 2025 and functional and cross team events throughout the year.

We continue to embed our values based on a bottom-up approach using colleague feedback. Colleagues are asked to complete regular engagement surveys to aid and inform about what is working well and where the business needs to do more to improve engagement, empowerment and loyalty. In our last colleague survey, 94% of colleagues responded, delivering an overall engagement score of 8.0 (0.1 above the external benchmark).

All colleagues have personal performance agreements where they record their individual objectives, assess themselves against the skills and competencies required for their role and the behaviours they are expected to display aligned to our values, along with a development plan that highlights any training needs.

ESG and Climate Change

Our business strategy continues to be executed in a manner that is consistent with the plans we have developed for our Environment, Social and Governance (ESG) strategy, with our fourth ESG Plan showing our latest commitments being published on our website in the summer of 2025. The Executive team all have ESG deliverables as part of their individual performance agreements, our ESG plan is refreshed annually, and our performance is reviewed by the Board.

Our Basingstoke and London sites source our electricity from renewable sources, and the laptop recycling programme that we started at the beginning of 2024 continued into 2025, with older laptops being offered to colleagues for their personal use when they were replaced. We plant a tree for every new online e-Account that is opened from our range of savings accounts, in partnership with Ecologi, and this has enabled us to plant over 49,000 trees in total by the end of the financial year. The Castle Trust Bank and Omni websites are themselves carbon-neutral, with over 340 and 250 trees being planted respectively so far to offset emissions associated with running the websites, in partnership with Tree Nation.

ESG considerations play a part in our procurement process when selecting which suppliers we work with, and we will engage further with suppliers to determine their ESG strategies. Our risk management approach to climate change risk is detailed on page 43 and the Streamlined Energy and Carbon Report Regulations disclosure within the Directors' Report can be found on page 71.

We have continued our core sponsorship of a not-for-profit organisation, Destination Basingstoke, which organises community and business events in the local area, and our Chief Compliance Officer has continued to be a non executive member of their Board. We also sponsored an award in their community-based 'Place To Be Proud Of' awards for the fourth consecutive year, which recognises local residents who have gone above and beyond for the Basingstoke community.



We were also nominated as a local business for two Inspire Awards in the Best place to Work, and Apprentice of the Year categories. There is an ESG working group, which is a colleague led forum for delivering our ESG plan. The ESG working group again coordinated a sustainable summer barbecue for colleagues and supports activities for fund-raising events such as Red Nose Day and BBC Children In Need. Castle Trust Bank has raised over £32,000 for good causes over the last four years.

Strong governance continues to be vital to make sure the Bank is delivering its objectives. Our Governance framework is supported by a range of policies to protect colleagues and the business from bribery and corruption, look after vulnerable customers and make sure products are designed to deliver strong outcomes for customers. We are also continuing to develop a framework for the responsible use of AI within the Bank. Our Corporate Governance framework and the responsibilities of the Board and sub-committees is detailed on page 58.

Outlook and future developments

Future developments are also disclosed on page 68 in the Directors' Report.

Principal risks and uncertainties

Principal risks and uncertainties are carefully monitored by the Group to ensure all risks undertaken are aligned to the Group's overall objectives and future direction of the Company. Risks are ultimately managed by the Chief Risk Officer who, whilst ensuring risks to the Company are understood and controlled, also ensures risks undertaken are commensurate with the approved risk appetite. All risks undertaken by the Group are done so with our values at heart to ensure that both customers and colleagues are treated fairly.

The principal risks of the business are managed by Castle Trust Bank's Risk Management Framework which is further detailed in the Risk Management Report on page 38.

Further, principal uncertainties are defined as Emerging Risks in the Risk Management Report.



Key Financial Performance Indicators

The following Key Financial Performance Indicators (“KPIs”) are used by management to track how the business is performing.

Key performance indicator	At 30 September 2025	At 30 September 2024	Variance
Loan book balances (£'000s)			
Property finance	1,062,565	648,405	414,160
Point of sale consumer lending	194,080	210,023	(15,943)
Wholesale loan	19,939	19,933	6
Total	1,276,584	878,361	398,223
Savings/Investment balances (£'000s)	1,495,438	957,770	537,668
Liquid assets (£'000s)	350,133	185,181	164,952
Cost of funds*	4.2%	4.3%	(0.1)%
Liquidity Coverage Ratio (unaudited)*	158.0%	237.0%	(79.0)%
Total Capital Ratio (unaudited)*	16.4%	16.8%	(0.4)%
Impairment coverage ratio			
Property finance	1.8%	1.9%	(0.1)%
Point of sale consumer lending	4.7%	4.5%	0.2%
Cost of Risk (Basis Points)*			
Property finance	102	77	25
Point of sale consumer lending	129	125	4
Net interest income (£'000s)	50,655	44,842	5,813
Net interest margin	4.7%	5.4%	(0.7)%
Profit before tax (£'000s)	9,400	9,095	305
*Non-GAAP measure			

The property finance loan book represents the value of assets loaned to mortgage and RDF customers net of related impairments. The significant increase in balances in the year is due to very strong new business originations, principally through serviced first charge buy to let mortgages and shorter-term bridging lending. The non-core 2nd charge mortgages and development finance book continues its run-off as expected and the pipeline of new business remains strong.

The point of sale consumer lending loan book represents the value of consumer loans less any related impairments. The fall in the overall book value year on year is due to lower new business origination volumes along with a relatively benign market environment. The fall in originations was due to the exit of a key broker relationship at the end of the previous financial year. This resulted in low origination volumes in the first half of current financial year, improving in the second half as lending capacity moved to new retailer relationships.

The Wholesale loan book is a lending facility to a high-quality mortgage special purpose vehicle. The underlying mortgages benefit from a differentiated network of distribution partners and geographical emphasis. This loan was repaid in full subsequent to the year end, Please see note 35 for further details.

Savings/investment balances relate principally to fixed deposits held by customers. The increase in this balance has been driven by increased property loan volumes and liquidity required to be held to support the new business pipeline.

Liquid assets are a measure of readily available liquid funds that Castle Trust Bank can utilise to meet customer and business needs. The increase year on year reflects the requirement to hold sufficient liquidity to support the growth in the balance sheet, particularly the new business pipeline for Property loans.

Cost of funds reflects the interest expense on customer deposits as a percentage of the average customer deposit balances held at amortised cost. The small decrease in the year reflects the recent falls in UK interest rates with a lower rate for new originations replacing higher rate deposits as they mature. The Bank continues to pay competitive rates to customers to attract new deposit originations.

The liquidity coverage ratio is an unaudited key regulatory metric which requires banks to hold enough high-quality liquid assets ("HQLA") that can be sold during a 30-day stress scenario. The unaudited year-end position of 158% (2024: 237%) compares favourably with the regulator's target guidance of 100%. The growth in liquid assets has enabled the Board to reduce liquidity thresholds, resulting in the lower reported liquidity coverage ratio in the current year.

The Total Capital Ratio is a key unaudited metric used throughout the industry to measure the capital adequacy of a business. It shows the ratio between the calculated risk weighted assets and capital. Risk weighted assets have grown in the year following the continued growth in the loan book. This has only been partially offset by retained profits generated by the Bank which increases the level of capital resources available. This has resulted in the ratio falling slightly in the year. However, the Bank remains comfortably above the regulatory requirement prescribed by the PRA.

The impairment coverage ratio details the impairment provision as a percentage of the total loan book and is an indicator of changes to the credit profile of the loan portfolio. In Property Finance, despite an increase in the cost of risk, the coverage ratio has fallen as the product mix changes with new business originations consisting of lower risk 1st charge mortgages and the higher risk 2nd charge legacy portfolio running off.

The point of sale coverage ratio has increased marginally year on year as a higher proportion of the loan book consists of defaulted loans which carry a higher impairment charge in comparison with paying loans.

Cost of Risk is calculated by looking at the cost of loan impairment per the income statement as a proportion of average loan assets. Property saw an increase in the cost of risk, with additional impairment taken on some legacy defaulted property loans as we continue to experience delays in the final resolution of some older 2nd charge and development finance cases. Within point of sale consumer lending, the cost of risk increased marginally in the year as a small uplift in customer arrears was experienced.

Net interest income demonstrates the income generated on the loan book less the associated cost of funding paid to savings customers and is a key indicator in assessing underlying profitability. This has increased year on year by £5.8m due to balance sheet growth of the property book.

Net interest margin represents net interest income as a percentage of the average loan book. It shows the overall pre cost return on lending. This has fallen in the current year due to the competitive pricing approach taken to



support property asset growth and also due to the ongoing market wide challenge of high costs of fund rates for retail deposits with market rates consistently pricing at a premium to the SONIA benchmark.

Profit Before Tax is a measure of profitability and business performance. Current Profit Before Tax is £9.4m (2024: £9.1m) with the movement broken down as follows:

- Net interest income increasing by £5.8m, as detailed above.
- Impairment losses increased by £4.1m principally through additional impairment taken on some legacy defaulted property loans.
- Administrative expenses increased by £1.7m with increases in both staff costs and other operating expenses as we continue to invest in colleagues and our operating platform as the balance sheet grows.

Whilst not captured as a Key Performance indicator, profit after tax is also monitored to ensure ongoing compliance with tax regulations. The Group currently has a £6.3m (2024: £8.1m) deferred tax asset with £24.6m (2024: £33.1m) of trading losses to offset against future profits.

Key non-financial performance indicators are detailed in the Key Highlights section on page 10.



Section 172(1) Statement

S172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole and in doing so, have regard, amongst other matters, to the:

- Likely consequences of any decisions in the long-term;
- Interests of the company's colleagues;
- Need to foster the company's business relationships with suppliers, customers and others;
- Impact of the company's operations on the community and environment;
- Desirability of the company maintaining a reputation for high standards of business conduct; and
- Need to act fairly between members of the company.

The Board of directors of Castle Trust Bank consider they have discharged this duty ensuring decisions made during the year ended 30 September 2025 were in good faith and likely to promote the success of the company for the benefit of its members as a whole. In addition to incorporating the above-mentioned factors, the Board incorporates the Company's purpose statement, key values and strategic priorities into its decision making.

During the year, the Board reviewed matters relating to business strategy, financial and operational performance, key risks and legal, regulatory and compliance matters. The Board delegates authority for the day-to-day running of the business to the CEO, and through him, to Senior Management and various sub-committees to oversee the execution of the Bank's strategy and related policies.

Purpose statement

Castle Trust Bank is a specialist bank with a simple purpose: to help customers achieve their financial goals. Our purpose is particularly significant because many of our customers are not well served by mainstream financial services.

We are here to help customers by ;

- Providing homeowners and landlords with specialist solutions to match their individual financial needs;
- Providing a secure home for people's savings; and
- Providing consumer finance which helps unlock our partners' potential, powers their growth, and connects them with their customers looking to enrich their lives.

Stakeholders

Engaging with the Bank's stakeholders is an important element to ensuring the Board has the relevant information when making decisions. Key stakeholder management is maintained via regular dialogue throughout the year. The table below sets out the Bank's key stakeholders, the main method by which the Board and Management engage, and how the Board assess the effectiveness of engagement and receive feedback.

Stakeholder	Description	Engagement	Assessment and feedback
Shareholders	The Bank has one shareholder holding the majority of the Bank's ordinary share capital.	The shareholder is represented on the Board and Board subcommittees by Non-Executive Directors and is therefore fully involved in the decision making of the company.	By having representation on the Board, direct feedback is provided enabling the shareholder to be continuously engaged.
Customers	The Bank has over 35,000 deposit customers and over 1,400 lending customers.	The Bank undertakes regular customer feedback surveys, the results of which inform product and business line strategies. Customer journeys and customer interactions are regularly reviewed and quality assured. This helps inform staff training plans and improve the experience of our customers.	Results of the customer feedback surveys are shared with the Board with actions identified and monitored at a Board or sub-committee level.
Colleagues	The average number of people employed by the Bank during the year was 197.	The Bank undertakes an annual Colleague Opinion Survey. Colleague engagement is high and the results are positive. The survey is a key input for the staff engagement strategy. In addition to the fortnightly CEO Blog, staff are engaged through regular 'meet the CEO' sessions and monthly all staff 'Townhalls'. The Bank is also a signatory of the Women in Finance Charter. To support the mental health and wellbeing of our colleagues, the Bank has signed up to the Mortgage Industry Mental Health Charter.	The findings of the colleague surveys are detailed to the Board with action plans determined on the key drivers identified which will enhance overall engagement with colleagues. Throughout the year, the Chair of the Board hosts regular meetings with groups of colleagues from all levels and departments. This enables colleagues to provide feedback direct to the Chair of the Board.



Stakeholder	Description	Engagement	Assessment and feedback
Suppliers	Businesses and individuals which provide the Bank with services and goods.	Management regularly meets the Bank's key suppliers, particularly those providing important business services and information technology systems.	Outcomes of key supplier reviews are communicated to the Board with material items and related actions monitored.
Brokers/ intermediaries	Partnerships with third parties who introduce new business and help support the Bank's existing customers.	A significant proportion of new lending in both Property and Omni is introduced through partnerships with intermediaries and brokers. Strong relationships with these partners are vital to the ongoing success of the Bank. Regular dialogue with our distribution partners facilitates our ability to ensure a continued understanding of our customers' needs and drives ongoing product evolution.	Any significant items arising following discussions with third party intermediaries are raised at Board meetings with agreed upon actions monitored.
Regulators	The Bank is regulated by the PRA and FCA.	The Bank's management has regular meetings with its Supervisory teams to discuss its strategy, plan and performance. There are also annual supervisory reviews and specific supervisory reviews e.g. LSREP and CSREP.	Board members meet separately with the regulators on a periodic basis. At these meetings feedback on the Bank is provided by the regulator, enabling the Board to determine the effectiveness of engagement.
Communities	The geographic locations in which the Bank has offices, colleagues and customers.	The Bank is a member of a number of trade bodies and Industry Groups in the regions in which we operate. A key focus of the Bank's ESG plan is engagement with the community of Basingstoke where most of our employees live and work. Our ongoing partnership with Destination Basingstoke, a not-for profit community events company, has seen the Bank support several community initiatives throughout the year (see ESG section of Strategic report).	The Board is kept updated as to the process of community initiatives and in some cases join other colleagues at events to experience the impact the Bank is having with the local community.



Key decisions

In terms of key decisions undertaken by the Board in the year, the following have been identified as having the greatest impact on the stakeholders described above:

- Approval of the business strategy and plan.
- Supporting strategic growth opportunities and acquisitions.
- Ongoing Consumer Duty implementation and monitoring.
- Seeking additional capital for growth.

Approval of the Business plan

In November 2025, the Board approved the Business Strategy and Medium-Term Plan. This sets out product growth targets in key business lines with related capital, resourcing and investment requirements defined. The plan is set to grow the business on a sustainable level and forms the baseline of the Internal Capital Adequacy Assessment Process ("ICAAP") and the Internal Liquidity Adequacy Assessment Process ("ILAAP").

The business plan incorporates investment in technology and capability development.

The business plan outcomes will have impacted some of our key stakeholders. This was considered by the Board in detail before deciding to approve the business plan.

Stakeholder	Impact
Customers	The plan targets growth in all key business line through the provision of competitively priced and innovative products that Castle Trust Bank believes will meet customers' diverse needs.
Colleagues	The business plan provides growth and opportunities to the Bank's employees with detailed resourcing requirements embedded to ensure that business growth is aligned with the growth of a high functioning and motivated workforce.
Brokers/ intermediaries	The business plan details new business origination targets with changes to product mix, pricing and distribution strategies. This will shape our ongoing relationship and engagement with third party intermediaries.
Suppliers	The plan details costs commitments signed off for the year. This includes both ongoing spend with suppliers and new development spend scheduled. This in turn enables the Bank to build longer term beneficial relationships with key suppliers.
Communities	The business plan provides an ongoing commitment of the Bank to remain in Basingstoke. This ensures ongoing engagement with the numerous community projects the Bank participates and helps to attract the best talent in the area.
Regulators	The ICAAP and ILAAP documents provide comfort to the regulator that the business plan and strategy ensure that Castle Trust Bank will continue to meet its stringent capital and liquidity requirements. This provides protection to customers and the wider financial services market.
Shareholders	The strategy and plan provide the shareholder with a clear direction of how Castle Trust Bank will grow in a sustainable manner, deliver a growing positive return on equity and therefore meet its investment objectives.



Strategic growth opportunities and acquisitions

Growth opportunities are being actively pursued by the Bank as it continues its strategic priority to expand the business, either organically or through acquisition/merger opportunities. During the year, a number of strategic prospects were considered and reviewed by the Board, who in turn make the ultimate decision whether to proceed or not. The Board also approve and monitor additional out of budget expenditure relating directly to these opportunities. Although no prospects successfully crystallised in the year, the Board and senior management continue to explore opportunities as they arise.

Stakeholder	Impact
Customers	The Bank would use growth opportunities to establish a larger scaled operation. This in turn would offer customers a wider product set, improved pricing and an enhanced customer journey.
Colleagues	A growing Bank offers colleagues wider development and career opportunities. This will enhance retention rates and improve attractiveness of the Bank for future recruitment.
Brokers/ intermediaries	A strategic acquisition or merger may introduce additional product lines or growth in the Bank's existing product set. This may incorporate new third party intermediary relationships and presents opportunities to existing partners to work together to deliver our products to our customers.
Regulators	The Bank remains open, and has a constant dialogue, with the Regulators as strategic opportunities are pursued. Ultimately Regulatory approval is required for any acquisition/merger undertaken.
Shareholders	The intention of pursuing a strategic priority of growth is to increase the market valuation of the Bank and in return maximise shareholder value.

Ongoing Consumer Duty implementation and monitoring

In the prior year the Board approved the second phase (Closed Products and the day 2 activities) of the bank's Consumer Duty implementation plan. In FY25, the Bank's second Consumer Duty Outcomes Report was presented to the Board, with methodology and content independently reviewed by Internal Audit.

The report was debated by the Board, who agreed that customers were receiving good outcomes while recognising the pervasive and ongoing nature of the Duty. Actions were recommended to further enhance the bank's delivery of outcomes, and progress is being overseen by the Customer and Social Responsibility Committee (CSRC), under the stewardship of Melba Montague, Chair of CSRC and Board Consumer Duty Champion.

The implementation and ongoing requirements of Consumer Duty has impacted some of our key stakeholders. This was considered by the Board in detail as they decided upon actions which seek to improve customer outcomes.



Stakeholder	Impact
Customers	Customers are the key stakeholder impacted by the implementation of Consumer Duty. All of Castle Trust Bank's regulated products and customer journeys have been reviewed with a focus on how they deliver good customer outcomes. Customers will benefit from customer-centric decision making across the organisation.
Colleagues	All colleagues have received training, with those who interact directly with customers attending tailored classroom training appropriate for their roles, focusing on how to deliver good outcomes for customers. Colleagues are fully empowered to make suggestions for improvements to the customer outcomes the bank delivers or to highlight areas that require review.
Brokers/intermediaries	As part of the Consumer Duty implementation project, all distributors of Castle Trust Bank's regulated products received product information sheets that provided clarity on the nature of the products, including target market and key features of the product. This provides Castle Trust Bank's partners with the means to ensure the bank's products are compatible with their own products and services.
Regulators	The Consumer Duty regulations are the biggest change to conduct regulation the FCA has ever implemented, and successful implementation of Consumer Duty provides the regulator with confidence in Castle Trust Bank's ability to operate in compliance with regulations.
Shareholders	The delivery of large-scale regulatory change project without material impact to any other business activities demonstrates the bank's infrastructure and governance processes can manage a changing regulatory environment effectively.

Seeking additional capital for growth

The current financial year has seen the Bank successfully implement a strategy of balance sheet growth, principally through new business lending in property. Growth of this nature requires careful and considered capital management to ensure the Bank grows profitability and maintains compliance with regulatory requirements. The Board continuously monitor the capital outlook and continually engage with JC Flowers (the Bank's ultimate parent) and external parties to seek opportunities to raise additional capital. This has resulted in a further issuance of an additional Tier 2 bond in the year, a subordinated debt eligible for treatment as regulatory capital.

The additional regulatory capital will have impacted some of our key stakeholders. This was considered by the Board in detail before deciding to approve the issuance of the Tier 2 bond.



Stakeholder	Impact
Customers	A more robust capital position provides customers with greater assurance as to the financial standing of the Bank.
Colleagues	Additional capital supports the growth of the bank, presenting colleagues with greater opportunities for development and growth. It also provides reassurance to colleagues that they work for a robust and financially strong institution. This provides additional comfort over job security, aids retention and career planning.
Regulators	Ensuring that the Bank maintains sufficient capital resources is a key requirement for the regulator. Securing additional capital not only improves the regulatory standing of the Bank, it also demonstrates to the regulator the Bank's commitment in ensuring that growth is being managed with the appropriate level of oversight and care.
Shareholders	Additional capital protects the shareholder and provides assurance of the financial standing of their investment in the Bank. It also supports longer term growth, translating to enhanced shareholder value.

Strategic Report Approval

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



Andrew Macdonald

Company Secretary

11 December 2025





Risk Management and Governance

Risk Management and Governance

Risk Management Report

Purpose of Risk Management

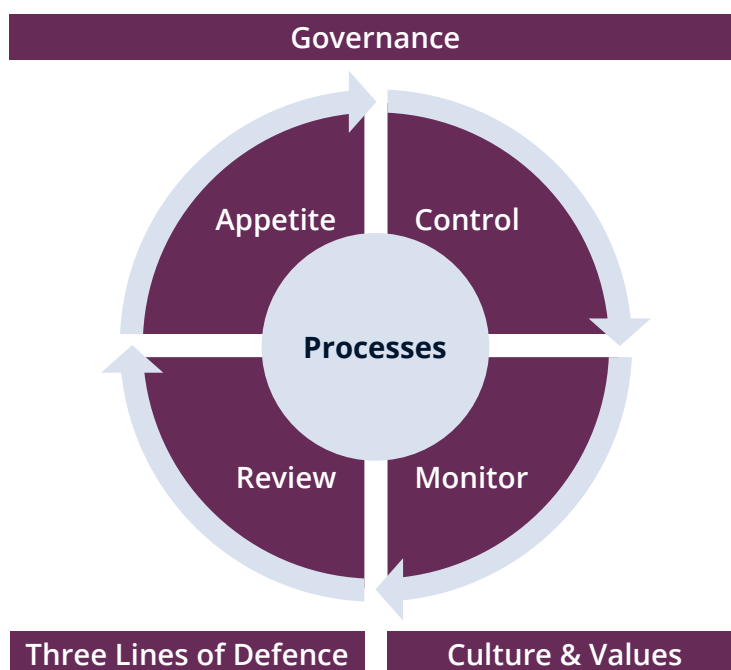
The purpose of Castle Trust Bank's Risk Management Framework is to give stakeholders confidence that risk is understood, monitored and controlled and that the level of risk that Castle Trust Bank takes is aligned to its objectives, including operational, conduct and prudential risk. This ensures that the risks are commensurate to the returns and financial resources of the institution and that delivering good customer outcomes is embedded into its culture and operational processes. The Risk Management Framework ensures that:

- in the normal course of business, Castle Trust Bank's operations, customer outcomes and prudential metrics are stable and in line with objectives; and
- under stress, Castle Trust Bank can continue to operate, to fulfil its obligations to customers and to meet its prudential requirements.

The Risk Management Framework is owned by the CRO and overseen by the Board Risk Committee. The following sections of the report explain how the Risk Management Framework is applied in Castle Trust Bank.

Risk Management Process Lifecycle

Castle Trust Bank's Risk Management Framework operates alongside a comprehensive suite of risk-specific policies, manuals and procedures to specify the Risk Management Processes the bank is required to follow in respect of each risk. The framework groups the Risk Management Processes into four phases which are supplemented by three overarching requirements.



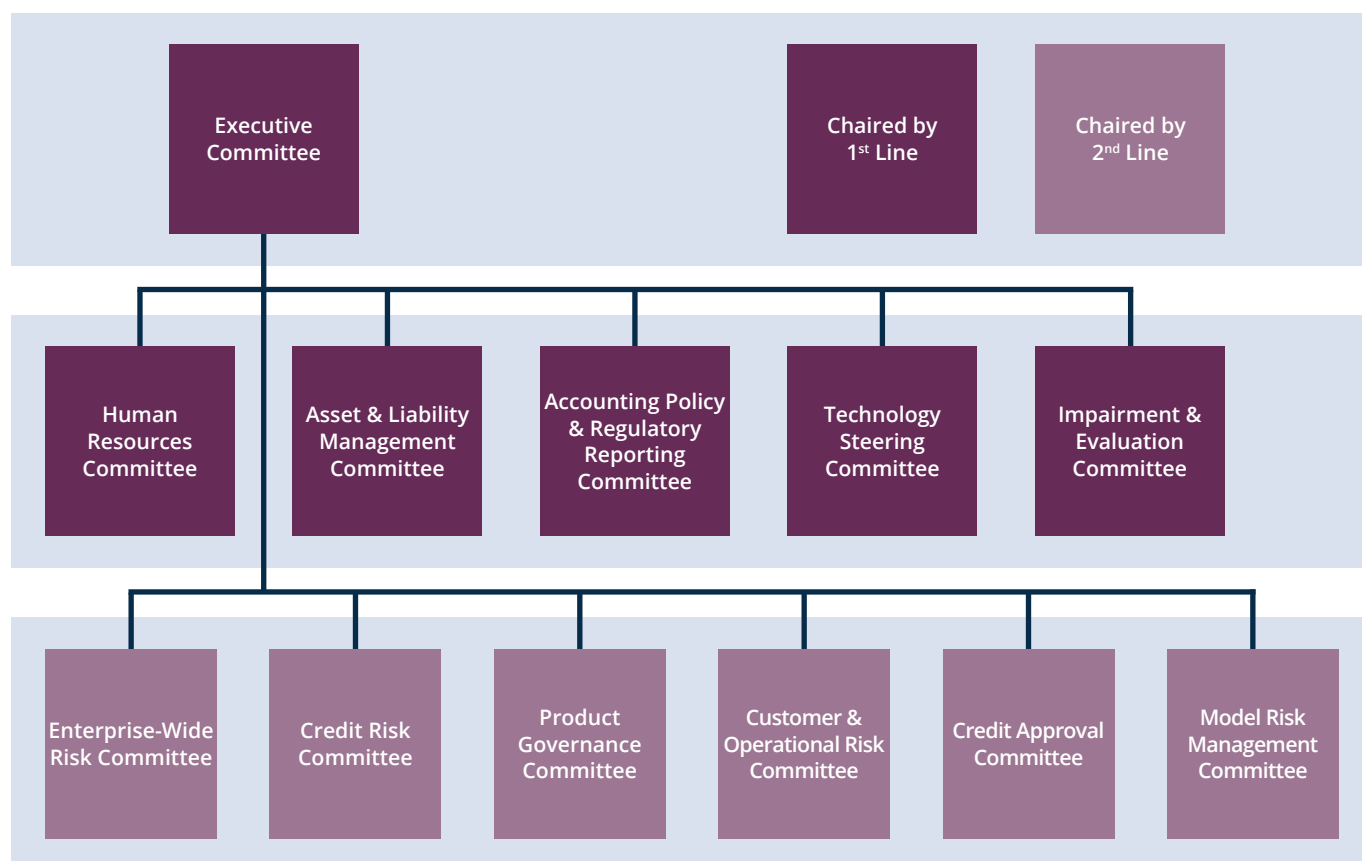
Lifecycle Phase	Intended outcome	Description
Governance	Key decisions in respect of Risk are subject to robust consideration, challenge, escalation and independence.	A series of responsibilities, committees and individual mandates, delegated by the Board, that ensure decisions are taken within structured frameworks, informed by proper consideration, and have effective accountability.
Appetite	Castle Trust Bank's objectives are clearly identified and an appetite for deviation from objectives is set in relation to specific risks.	A combination of annual, regular and ad hoc processes which ensure that Castle Trust Bank has clear objectives, the requisite resources to deliver the objectives and an articulation of how much deviation from objectives is tolerable.
Control	Robust controls are in place across the business that ensure that the objectives, including risk appetite, are met.	Regular processes or mechanisms which are designed to control risk and deliver Castle Trust Bank's objectives.
Monitor	Management has clear measures of performance against objectives, the risk incurred and the effectiveness of controls.	Regular information and governance processes that ensure each risk is appropriately measured and considered in an appropriate forum.
Review	To undertake periodic stock takes to ensure that the Risk Management Framework is delivering the objectives and risk appetite as intended.	A combination of annual, regular and ad hoc processes which ensure that Castle Trust Bank is either meeting the objectives it has set or has remediation plans in place.
Three Lines of Defence	To ensure that there is clear responsibility and ownership of risks as well as independent challenge and periodic assessments of risk management effectiveness.	Responsibilities segregated between: 1 st line Business Management 2 nd line Compliance & Risk 3 rd line Internal Audit
Culture & values	To maintain a consistent Group wide ethos that carefully takes measured and well understood risks and ensures there are effective controls that are reported in a transparent manner.	The overall culture is set by the Board and cascaded throughout the organisation to ensure that the Values, Risk Adjusted Performance and appetite for risk taking are well understood and rewarded (or sanctioned where necessary) at every level of the organisation.



Governance

Castle Trust Bank has a comprehensive suite of governance arrangements to ensure that each risk is effectively managed and has appropriate oversight.

In order to ensure that there is independent challenge, all Executive Committees require the CRO or Chief Compliance Officer to attend and to chair the committees governing risk and risk appetite. Below the Executive Committees there is a hierarchy of sub-committees and working groups with responsibility for managing specific risks.



Three Lines of Defence

Responsibility for risk management lies with every colleague of Castle Trust Bank. All colleagues are expected to manage the risks of their own area in accordance with the Risk Management Framework and to escalate issues and emerging risks.

Primary ownership for risk management sits with the 1st line business areas that manage their own specific risks and controls. The 2nd line is responsible for providing independent challenge, specialist advice, risk monitoring and ensuring the Risk Management Framework is operating effectively. The 3rd line provides independent assurance that the Risk Management Framework is working as intended.



Line of Defence	Owner	Oversight	Functional areas	Responsibilities aligned to Risk Management Process Lifecycle
1st	CEO	Board	Business units, HR, Technology and Finance	- Control – to operate controls required to comply with the Risk Appetite - Monitor – to identify and escalate emerging risks and to track performance, risk and control effectiveness
2nd	CRO and CCO	Risk and Audit Committees ¹	Risk and Compliance	- Appetite – to propose the risk appetite - Control – to provide independent advice and challenge in respect of key decisions / judgements and specialist risk areas - Monitor – to track performance, risk and control effectiveness - Review – to provide periodic stock takes as to effectiveness of Risk Management Framework
3rd	Head of Internal Audit	Audit Committee	Internal Audit	Review – to provide assurance as to the effectiveness of the Risk Management Framework

¹ Audit Committee has oversight of Compliance Monitoring; otherwise Board Risk Committee has oversight.

The Board Risk Committee is responsible for agreeing Risk Appetite on behalf of the Board and providing oversight of the application of the Risk Management Framework.

Culture & Values

Effective Risk Management relies on the culture and values of the organisation being aligned to the Risk Appetite. The strategic report sets out the Values that Castle Trust has adopted. The risk management framework ensures that there is a continual embedding process to ensure these values are role-modelled by our leaders and understood and adopted by all our colleagues.



Risk Groups

Castle Trust Bank allocates every individual risk to a Risk Group. The following tables set out the approach to managing risk within each Risk Group aligned to the four phases of the Risk Management Framework. The tables below detail the key risk exposures for every element of the Risk Management Framework and details sub-risks which are deemed to be specifically relevant at the current time because of changes in the UK economy, regulation or customer behaviour.

Strategic Risk Group

Sub Risks	Owner	Executive Committee Oversight
Strategic / External	CEO	Executive Committee
Change Management	CTOO	Technology Steering Committee
Reputational	CEO	Executive Committee
Climate Change	CRO	Enterprise Wide Risk Committee
Exposure Description	Castle Trust Bank has invested financial, technology and human capital in its current segments; Strategic Risk could render these subsegments unviable or unsustainable or result in large one-off costs. Changes to the external environment and the UK economy; regulation or law; customer or 3rd party behavioural trends; and / or societal expectations could have a material adverse impact and in certain more extreme scenarios could generate material losses and / or require significant change programmes. Furthermore, Castle Trust Bank operates a range of processes, internal and external data and controls which may fail or be inadequate to control Strategic Risk.	
Exposure Metrics	£3.7m of capital expenditure	
Risk Management Framework Application	Appetite: As part of its annual planning process, the Board determines which risks and products should be, at a strategic level, increased or mitigated, taking into account forward looking economic forecasts and expected regulatory change. Risk Appetites for each of the sub risks are set and reviewed quarterly. Control: The Risk Owner(s) is/are responsible for implementing controls that will manage the risk within appetite. Examples include quarterly reviews of economic forecasts; Change Boards overseeing all major change programmes; monitoring of adverse public mentions relating to Castle Trust Bank; and analysis of pending Climate Change Transition legislation. Monitor: The ExCo, EWRC and Board Risk Committee regularly review current exposure against risk appetite as well as reviewing control effectiveness. Review: The Internal Audit function periodically undertakes independent reviews of control effectiveness which are reported to Audit Committee. Internal Audit also observes and provides independent assurance in respect of key change programmes as directed by the Audit Committee from time to time.	



Strategic Emerging Risks

Risk	Description	Mitigation Strategy
Strategic / External	Castle Trust Bank has reviewed opportunities to accelerate growth through acquisition, combination or launch of new business lines and / or to raise new capital to support increase organic growth. Any such venture may, in the future, introduce execution risk and change the risk profile of the bank.	In 2024-25 the Board has carefully reviewed any opportunities and has commissioned appropriate diligence.
Climate Change	Regulation or law required to meet transitional requirements may adversely impact collateral values and / or increase costs for customers / intermediaries or for Castle Trust Bank. Societal expectations may evolve and require Castle Trust Bank to implement change to its operating model.	The Board Risk Committee monitors emerging legislation and climate related risks on a periodic basis, with particular focus upon requirements for BTL landlords. The EWRC monitors exposure to flood risk and changes in EPC requirements. The Customer and Social Responsibility Committee oversees Castle Trust Bank's ESG programme.
Change Capacity	There is a risk that change capacity is constrained by market availability of key skills and resources impacting directly on Castle Trust Bank and / or its key suppliers. Castle Trust Bank additionally has a key man risk in the form of system and process experts in its various business areas.	The Executive Committee carefully consider the internal and external capacity to support change and investment and each year commits to a manageable change programme. Each major change initiative is assigned an owner and a steering group which monitors progress, risks and actual or potential capacity issues. Technology Steering Committee overseas all change escalating issues to the Executive Committee and Board as appropriate.
Concentration Risk	Castle Trust Bank operates in specialist lending markets which, in some instances, have intermediaries with significant market share and control over commercial relationships. These intermediaries can adversely impact upon lending volumes, pricing or credit quality distribution. The entrance or exit of other lenders from specific specialist lending segments can also impact upon pricing and volumes.	Both asset origination business units have a long term commitment to their customer and intermediary propositions, building relationships that are predicated upon more than pricing and credit criteria. Both asset origination business units have a continuing strategy of supporting their existing customers while achieving growth and diversification by continually onboarding new intermediaries and seeking out diversification across sectors, regions and lending products.



Market & Funding Risk Group

Sub Risks	Owner	Executive Committee Oversight
Market	CFO	Asset & Liability Management Committee
Liquidity		
Capital		
Counterparty Credit		
Exposure Description	Castle Trust Bank operates in a range of sub-segments which incur Market Risk (predominantly interest rate risk); Liquidity Risk (predominantly a function of maturity transformation between liabilities and assets); and wholesale Counterparty Credit Risk. It is subject to liquidity and capital requirements, failure to meet these requirements would typically trigger regulatory intervention. Changes to the external environment, regulation or law or customer or 3rd party behavioural trends could have a material adverse impact upon market, liquidity and capital risk and in certain more extreme scenarios could generate significant losses and / or breaches of regulatory requirements. Furthermore, Castle Trust Bank operates complex systems, processes and controls which may fail or be inadequate to control Market & Funding Risk resulting in losses outside of appetite / or breaches of regulatory requirements. A counterparty failure could result in a significant loss.	
Exposure Metrics	£1,277m of fixed rate interest bearing assets and £1,495m of fixed rate interest bearing liabilities. Material Counterparty Exposure to 2 counterparties (excluding UK Government and Bank of England).	
Risk Management Framework Application	Appetite: As part of its annual planning process, the Board determines which risks and products should be, at a strategic level, increased, reduced or mitigated. Risk Appetites for each of the sub risks are set and reviewed quarterly. The Risk Appetite is supported by specific quantitative limits and Risk Indicators thresholds. Examples include Sensitivity to Interest Rate changes; Liquidity Coverage of a severe outflow / funding market disruption; Regulatory Capital Surplus; Counterparty credit ratings. Control: The Risk Owner is responsible for implementing controls that will manage the risk within appetite. Examples include: interest rate swaps; cashflow stress testing; RWA forecasting; counterparty approval process. Monitor: The Asset and Liability Management Committee and Board Risk Committee regularly review quantitative and qualitative risk metrics against Limits and Risk Indicator Thresholds as well as reviewing control effectiveness. Review: The Operational Risk function periodically reviews key risk exposures against appetite. The Internal Audit function periodically undertakes independent reviews of control effectiveness which are reported to Audit Committee.	



Market & Funding Emerging Risks

Risk	Description	Mitigation Strategy
Market	Castle Trust Bank continues to see strongest demand from borrowers seeking five year fixed term loans, but savers seeking 1 year fixed term deposits, creating an interest rate mis-match. Increased reliance on interest rate derivatives increases the scope and risk associated with the Hedge Accounting programme and potential for Hedge Ineffectiveness gains or losses.	Castle Trust Bank has materially increased the scope of its hedging programme through the course of the 2024-25 financial year and expects to continue to increase its use of interest rate swaps through the course of the next financial year. Asset & Liability Committee monitors Castle Trust Bank's sensitivity to Market risk.
Wholesale	As noted above, the increased scope of hedging has resulted in increased counterparty credit risk.	Castle Trust Bank continues to monitor all counterparties including swap counterparties and has collateral arrangements in place to limit its exposure.
Capital	During 2024, the PRA announced "near-final" proposals for future capital requirements of Banks. The proposed capital requirements for certain sub-segments of lending, notably buy-to-let lending and lending against unfinished property are significantly higher than the prevailing requirements.	Castle Trust Bank continues to monitor the evolution of the UK Capital regime and has engaged with the PRA in respect of joining the SDDT regime. The final rules are expected to be published in Q4 2025. Following a final assessment, it may be determined that the Bank needs to increase its capital base and/or take capital conservation actions in order to maintain an appropriate capital buffer.



Property Credit Risk

Sub Risks	Owner	Executive Committee Oversight
Residential Mortgages	MD Property	Credit Risk Committee
Residential Development		
Exposure Description	Castle Trust Bank has credit exposure to residential mortgages and residential development loans. Its mortgage book is predominantly buy-to let; the key sources of Residential Mortgage Credit Risk are customers being unable to maintain regular payments due to impaired rental income or impaired personal income and customers being unable to repay loans at maturity due to failed repayment strategies. Residential Development Credit Risk is driven by potential for incomplete / over budget / delayed developments and potential for sale / refinance repayment strategies to generate insufficient funds to repay borrowings. Changes to the external environment and the UK economy; regulation or law; customer or 3rd party behavioural trends; could have a material adverse impact and in certain more extreme scenarios could generate material losses. Furthermore, Castle Trust Bank operates a range of systems, processes, internal and external data; and controls which may fail or be inadequate to control Property Credit Risk resulting in losses outside of appetite / or breaches of regulatory requirements.	
Exposure Metrics	£839m exposure to Residential Mortgages (Term) £206m in Residential Mortgage Bridge £37m exposure to Residential Development Loans	
Risk Management Framework Application	Plan: As part of its annual planning process, the Board determines which risks and products should be, at a strategic level, increased, reduced or mitigated. Risk Appetites for each of the sub risks are set and reviewed quarterly. The Risk Appetite is supported by specific quantitative limits and Risk Indicators thresholds. Examples include Arrears Levels, Average Loan to Values, Product Concentrations. Control: The Risk Owner is responsible for implementing controls that will manage the risk within appetite. Key controls include: affordability and credit checks; manual underwrite of each retail intermediary. Monitor: The Credit Risk Committee and Board Risk Committee regularly review quantitative and qualitative risk metrics against Limits and Risk Indicator Thresholds as we well as reviewing control effectiveness. Review: The Operational Risk function periodically review key risk exposures against appetite. The Internal Audit function periodically undertake independent reviews of control effectiveness which are reported to the Audit Committee. In addition, the Risk Function also provides an annual report in respect of Property Credit Risk to the Board Risk Committee.	



Property Credit Emerging Risks

Risk	Description	Mitigation Strategy
Residential Development recoveries	Economic conditions and elevated inflation & long-term interest rates may result in cost overruns and reduced demand / capacity of potential purchasers leading to weaker recoveries. As the portfolio has been effectively run down there are now a limited number of counterparties, all of which are in workout and where, as collateral has been sold, there is an increasing reliance upon personal guarantees and / or secondary collateral (ie sub-ordinated security or non residential security).	In 2024-25 no new Residential Development Finance loans have been granted. Castle Trust Bank continues to work with borrowers and receivers to achieve the best possible outcomes. Where sales performance is judged to be temporarily weak, certain properties may be held and rented out to generate income rather than crystallising a short term loss; all such exposures are currently assigned to Stage 3 and individually assessed for impairment.
Residential Mortgages recoveries	Elevated interest rates and changes to the regulatory environment / law may result in reduced demand and / or constrained affordability for potential landlords seeking to acquire or re-finance buy-to-let collateral.	In 2024-25 customer demand for Castle Trust Bank's specialist BTL lending has been strong, leading to record lending volumes. However, the wider economic context has been a relative reduction in the non-institutional private rental sector and this has resulted in relatively weak recoveries on work out cases leading to an increase in Property cost of risk. Castle Trust Bank continues to work with borrowers and receivers to achieve the best possible outcomes. Where sales performance is judged to be temporarily weak, certain properties may be held and rented out to generate income rather than crystallising a short term loss; all such exposures are currently assigned to Stage 3 and individually assessed for impairment.



Property Credit Emerging Risks

Risk	Description	Mitigation Strategy
Residential Mortgages payment arrears	Elevated interest rates may result in an increased rates of arrears emergence. Customers reaching the end of their fixed rate period are typically required to increase their pay rate substantially and may find that their income is insufficient to cover the new rate.	An affordability assessment is required for all mortgages to ensure the borrower is able to make their scheduled payments and absorb a degree of stress during the fixed rate period. A very high proportion of mortgages originated have a fixed rate period of five years giving customers adequate time to prepare for transition to a higher rate and / or a refinance. Property Credit Risk Committee oversees the level of arrears emergence and commissions lessons learnt which may lead to refinement of products or underwriting criteria.
Residential Mortgage concentration risk	As a specialist lender Castle Trust Bank is willing to lend on collateral that may be less liquid. During 2024/5 customer demand and therefore originations have been specifically concentrated in Houses of Multiple Occupation and Multi-Unit Freehold blocks as well as to borrowers requiring loan-to-values ("LTV") at the top end of the range Castle Trust Bank is willing to accept. These concentrations may make Castle Trust Bank more exposed to an economic stress and / or a specific change to regulation, law or fiscal policy.	Castle Trust Bank determines its target mix of business each year and sets monitoring controls around its target. As a specialist lender it does however, accept a degree of sector concentration and its ability to diversify is constrained by customer demand. Castle Trust Bank differentiates its pricing based on LTV and sets hurdle return rates based on risk adjusted measures.



Omni Credit Risk

Sub Risks	Owner	Executive Committee Oversight
Customer Credit	MD Omni	Credit Risk Committee
Retailer Obligation		
Exposure Description	Castle Trust Bank has credit exposure to its Omni Customers by way of fixed instalment, amortising loans ranging from 6 months to 15 years. It also has exposure to its retail intermediaries who are obliged to deliver the financed goods or services. Changes to the external environment and the UK economy; regulation or law; customer or 3rd party behavioural trends; could have a material adverse impact and in certain more extreme scenarios could generate material losses. Furthermore, Castle Trust Bank operates a range of systems, processes, internal and external data; and controls which may fail or be inadequate to control Omni Credit Risk resulting in losses outside of appetite / or breaches of regulatory requirements.	
Exposure Metrics	£194m exposure to Omni loans Over 1,900 intermediaries delivering approximately £196m of goods and services to Omni customers in FY25.	
Risk Management Framework Application	Plan: As part of its annual planning process, the Board determines which risks and products should be, at a strategic level, increased, reduced or mitigated. Risk Appetites for each of the sub risks are set and reviewed quarterly. The Risk Appetite is supported by specific quantitative limits and Risk Indicators thresholds. Examples include arrears levels, credit scores, and retail intermediary complaint / cancellation rates. Control: The Risk Owner is responsible for implementing controls that will manage the risk within appetite. Key controls include: Credit Reference Agency checks; affordability checks; manual underwrite of each retail intermediary. Monitor: The Credit Risk Committee and Board Risk Committee regularly review quantitative and qualitative risk metrics against Limits and Risk Indicator Thresholds as we well as reviewing control effectiveness. Review: The Operational Risk function periodically review key risk exposures against appetite. The Compliance and Internal Audit functions periodically undertake independent reviews of control effectiveness which are reported to the Audit Committee. In addition, the Risk Function also provides an annual report in respect of Omni Credit Risk to the Board Risk Committee.	



Omni Credit Emerging Risks

Risk	Description	Mitigation Strategy
Omni credit fraud	Omni continues to be subject to attempted fraud attempts; the style and approach of fraudsters continues to evolve and may evolve faster than Omni's anti-fraud tools can be updated.	Castle Trust Bank deploys a multi-channel fraud prevention strategy, and the levels of fraud successfully perpetrated against it continue to be within appetite.
Omni credit macro-economic	Omni customers are exposed to macro-economic conditions and in particular the employment market. During the course of 2024-2025 there have been mixed signals emerging from the employment market, but the number of new roles created has been markedly down on the pattern observed over the last decade.	Castle Trust Bank continues to monitor its credit performance and makes continual adjustments to its credit risk strategy. Credit Risk Committee reviews credit performance monthly and can direct changes to be made to credit strategy very rapidly.
Retailer obligations concentration risk	Relative to its overall size, Omni's largest retailer intermediaries pose a material credit concentration risk.	Castle Trust bank operates a series of onboarding and monitoring controls designed to manage concentration risk; however, as it grows Omni has accepted a material level of credit concentration risk. This is controlled through an exposure framework with limits set at Board Risk Committee.
Retailer obligations counterparty risk	Omni's retail intermediaries pre-dominantly operate in discretionary segments which have typically seen low or negative growth in 2024-25. Many retailers have faced increased costs of raw materials and employment. This squeeze on margins and revenue has left the estate more vulnerable to the risk of retailer failure and the consequent crystallisation of obligations on Omni under Section 75 of the consumer credit act.	During 2024-25 the number of retailer failures observed has been relatively low; however, several larger retailers remain on the watchlist due to weak financial performance and / or risk to customer outcomes. Castle Trust Bank continues to monitor its retailer estate taking action where it considers the risk of retailer failure is out of appetite.
Retailer obligations regulatory risk	On the 17th October 2024, the UK government published a consultation into the regulation of Buy Now Pay Later credit intermediation and lending. If the government goes ahead this may mean increased exposure to retail intermediaries. More broadly, Castle Trust Bank and its customers are exposed to the conduct of its intermediaries and regulatory failings by intermediaries may ultimately result in counterparty losses.	Castle Trust Bank will during the course of the next financial year monitor the proposed legislative changes and undertake an assessment of the potential increase in retailer credit risk in order to identify the appropriate mitigation strategy. Castle Trust Bank has a suite of monitoring tools to evaluate the financial strength of and the customer outcomes delivered by its retailer intermediaries. It also has a range of risk mitigation tools it can deploy to mitigate risk from specific retailers.



Conduct & Operational Risk

Sub Risks	Owner	Executive Committee Oversight
Property Conduct	MD Property	Customer & Operational Risk Committee
Property Operational		
Omni Conduct	MD Omni	
Omni Operational		
Savings Conduct	CTOO	
Savings Operational		
Group Operational	Various	
Exposure Description	Castle Trust Bank operates a range of processes to facilitate its deposit taking and lending operations generating Operational Risk and Conduct Risk. It also relies upon third parties to intermediate credit distribution in its Omni and Property business units. Changes to the external environment and the UK economy; regulation or law; customer or 3rd party behavioural trends; could have a material adverse impact and in certain more extreme scenarios could generate material losses. Furthermore, Castle Trust Bank operates a range of systems, processes, internal and external data; and controls which may fail or be inadequate to control Conduct & Operational Risk.	
Exposure Metrics	1,454 Property Customers 194 active Property intermediaries Over 131,000 Omni Customers 10 active Omni intermediaries Over 35,000 Savings Customers originated directly and through one platform provider.	
Risk Management Framework Application	Plan: As part of its annual planning process, the Board determines which risks and products should be, at a strategic level, increased, reduced or mitigated. Risk Appetites for each of the sub risks are set and reviewed quarterly. The Risk Appetite is supported by specific quantitative limits and Risk Indicators thresholds. Examples include complaints: potential operational risk impacts, breach of policy frequency and quality assurance. Control: The Risk Owner is responsible for implementing controls that will manage the risk within appetite. Key controls include: Product approval and annual review process; training and competence framework; quality assurance; KYC procedures with escalation of complex cases to 2nd line. Monitor: The Conduct & Operational Risk and Board Risk Committee regularly review quantitative and qualitative risk metrics against Limits and Risk Indicator Thresholds as we well as reviewing control effectiveness. Review: The Operational Risk function periodically review key risk exposures against appetite. The Compliance and Internal Audit functions periodically undertake independent reviews of control effectiveness which are reported to the Audit Committee.	



Conduct & Operational Emerging Risks

Risk	Description	Mitigation Strategy
Omni Conduct; Omni Operational	On the 17th October 2024, the UK government published a consultation into the regulation of Buy Now Pay Later credit intermediation and lending. If the government goes ahead this may mean significant disruption for Omni's retail partners and increased regulatory risk. Minor changes may be required to Castle Trust Bank's customer journey.	Castle Trust Bank will during the course of the next financial year monitor the proposed legislative changes and undertake an assessment of the potential impact upon retailers and the regulatory framework in order to identify the appropriate mitigation strategy.
Omni Conduct	On the 1 August 2025 the Supreme Court issued a judgement in respect of three Motor Finance commission test cases. The FCA then announced it would issue a consultation in respect of Motor Finance Commission in October 25. Whilst the Bank has never undertaken lending activities in the Motor Finance market, it is recognised that there may be a read-across from motor finance to general retail finance and Castle Trust Bank may be exposed to claims from customers or to FCA remediation.	Castle Trust Bank carefully monitors all complaints and to date no complaints in respect of commission have been received. Castle Trust Bank does not currently have any retailer relationships in which it pays commission to the retailer. It continues to pay intermediaries commission in respect of introductions and in a limited number of cases it has entered into volume based incentive arrangements with retailers. Management continue to monitor the impact upon the motor finance market and will incorporate any learnings into any future commission arrangements. Where historically Castle Trust Bank has only agreed to pay retailer commission payments, this has been in a limited and specific set of circumstances, and the levels of commission payment were set at a materially lower level than the case that was upheld by the Supreme Court. The overall level of historic commission paid to retailers is of a limited quantum relative to the size of the group. Castle Trust Bank does not currently have any retailer relationships in which it pays commission to the retailer. It continues to pay intermediaries commission in respect of introductions and in a limited number of cases it has entered into volume based incentive arrangements with retailers. Management continue to monitor the impact upon the motor finance market and will incorporate any learnings into any future commission arrangements.



Conduct & Operational Emerging Risks

Risk	Description	Mitigation Strategy
All Conduct	Throughout the sector, there were 300,000 complaints to the Financial Ombudsman Service in 2024/5 – a increase on the five-year average. Whilst most of this increase relates to products and services that the bank does not offer, it is important that we recognise an increased propensity to complain and make claims. The FCA is, through its Consumer Duty framework, is taking an increasingly interventionist approach. All financial services firms operating in regulated markets face an elevated risk of complaints, redress and / or regulatory intervention.	Castle Trust Bank has a robust complaints management framework in place, including ongoing quality assurance of complaints handling to ensure responses are consistent, fair and timely. Regular thematic root cause analysis is undertaken to identify trends, systemic issues and emerging risks, with outputs used to inform process improvements and reduce the likelihood of recurrence. In addition, Castle Trust Bank proactively monitors customer outcomes across all key stages of the customer journey. Communications and product performance are regularly reviewed against the four Consumer Duty outcomes of fair value, consumer understanding, products and services meeting needs, and customer support. A Consumer Duty dashboard is provided to ExCo and the Board on a regular basis to track complaints, conduct metrics and early warning indicators, ensuring timely oversight and action where necessary. Castle Trust Bank also maintains transparent and constructive engagement with the Financial Ombudsman Service, including sharing complaints trends and evidence of remediation activity.



Technology Risk

Sub Risks	Owner	Executive Committee Oversight
Cyber	CTOO	Technology Steering Committee
Data and Process		
Operational Resilience		
Outsourcer		
Exposure Description	Castle Trust Bank operates a range of technologies to facilitate its deposit taking and lending operations generating Technology Risk. Technology failure, process failure or 3rd party actions may result in data breaches, unexpected costs, unavailability of services, inefficiency or obsolescence. Changes to the external environment; regulation or law; or 3rd party behavioural trends could have a material adverse impact and in certain more extreme scenarios could generate material losses. Furthermore, Castle Trust Bank operates a range of systems, processes, internal and external data; and controls which may fail or be inadequate to control Technology Risk resulting in losses outside of appetite / or breaches of regulatory requirements.	
Exposure Metrics	12 material outsourcers deemed a Tier 1 supplier to the Group.	
Risk Management Framework Application	Plan: As part of its annual planning process, the Board determines a Technology strategy prioritising, development, controls and upgrades in accordance with the requirements of customers, external / regulatory demand and internal or external risks. The Board has also set specific resilience standards that key customer / market facing activities must conform to. Control: The Risk Owner is responsible for implementing controls that will manage the risk within appetite. Key controls include continuous monitoring of estate for cyber threats via cloud based tools; root cause analysis for all incidents; data quality checks; ongoing change programme. Monitor: The Technology Steering Committee and Board Risk Committee regularly review quantitative and qualitative risk metrics against Limits and Risk Indicator Thresholds as well as reviewing control effectiveness. Review: The Operational Risk function periodically review key risk exposures against appetite. The Internal Audit function periodically undertakes independent reviews of control effectiveness which are reported to the Audit Committee.	



Technology Emerging Risks

Risk	Description	Mitigation Strategy
Cyber	The increase and evolution of attempts to access Castle Trust Bank data and / or disrupt systems may result in a successful cyber-attack against Castle Trust Bank or a third-party holding data on behalf of Castle Trust Bank.	Castle Trust maintains a wide ranging suite of policies, controls and reports to ensure that Cyber attacks are detected and managed appropriately, including 3rd party monitoring software using artificial intelligence to identify unusual behaviours.
Data and Process	Castle Trust Bank relies upon a wide range of internal and external data sets. As reliance upon data increases, there is an increased risk of data errors; interpretation error and / or breaches of GDPR.	Castle Trust Bank continues to evolve its data strategy to centralise data wherever possible. The Technology Steering Committee oversees data and data governance. The DPO monitors compliance with GDPR.



Group Operational Risk

Sub Risks	Owner	Executive Committee Oversight
Legal	General Counsel	Enterprise Wide Risk Committee
People	CPO	People Committee
Financial Crime	CCO	Enterprise Wide Risk Committee
Model	CRO	Model Risk Management
Accounting volatility	CFO	Executive Committee
Other	Various	Enterprise Wide Risk Committee
Exposure Description	Castle Trust Bank operates a range of processes to facilitate its deposit taking and lending operations generating Group Operational Risk. This risk group has a very wide range of risk drivers and potential adverse outcomes including but not limited to regulatory intervention, additional cost requirements and direct financial impacts. Changes to the external environment and the UK economy; regulation or law; customer or 3rd party behavioural trends; could have a material adverse impact and in certain more extreme scenarios could generate material losses. Furthermore, Castle Trust Bank operates a range of systems, processes, internal and external data; and controls which may fail or be inadequate to control Group Operational Risk resulting in losses outside of appetite / or breaches of regulatory requirements.	
Exposure Metrics	As at 30 September 2025 there were no active litigation cases outside of those occurring in the ordinary course of the property, point of sale finance and savings businesses.	
Risk Management Framework Application	Plan: As part of its Annual Planning Process, the Board determines which risks and products should be, at a strategic level, increased or mitigated, taking into account forward looking economic forecasts and expected regulatory change. Risk Appetites for each of the sub risks are set and reviewed quarterly. Control: The Risk Owner(s) is/are responsible for implementing controls that will manage the risk within appetite. Examples include regular reporting on all litigation matters; pre-employment checks; model sensitivity analysis. Monitor: The ExCo, EWRC and Board Risk Committee regularly review current exposure against risk appetite as well as reviewing control effectiveness. Review: The Internal Audit function periodically undertake independent reviews of control effectiveness which are reported to Audit Committee. Internal Audit also observes and provides independent assurance in respect of key change programmes as directed by the Audit Committee from time to time. In addition, the Compliance function also provides an annual report in respect of financial crime arrangements to the Board.	



Group Operational Emerging Risks

Risk	Description	Mitigation Strategy
Accounting volatility	Unexpected changes in macro-economic forecasts and / or customer behaviour may result in material impacts upon financial statements. Elevated inflation and interest rates mean that this risk has a higher propensity to crystallise. Castle Trust Bank has a specific exposure to assumptions in relation to customers' propensity to repay their loans after the end of the fixed rate period in products that have a reversionary period with a variable rate; this sensitivity is detailed in the notes to the accounts.	Castle Trust Bank continues to monitor the external macro-economic outlook and uses independent, external forecasts wherever possible. Management ensure that its judgments in respect of future customer behaviour can be supported by historic data derived from its own customer base or the wider market. Management monitor the latest customer behaviour trends and update assumptions when required.
Legal Risk	Unexpected legal or Financial Ombudsman precedents, updated legislation or actions by Claims Management Companies may result in additional complaints or claims in respect of current or legacy products. Legacy products primarily consist of mortgages linked to house prices and investment bonds	Castle Trust Bank continues to monitor emerging themes in legal risk and to put in place specific controls to ensure it operates in accordance with its values and regulatory and legal requirements.
Control Maturity Risk	As institutions grow and increase the breadth of products, distribution channels and customer groups there is a risk that existing control frameworks become inadequate to manage increased scope of risks.	During the course of 2025, management plan to review each of the key controls deployed to manage material or systematic risks that are not already embedded into automated technology. Controls will be standardised and, where deemed inadequate to manage the future risk profile of the group, will be upgraded.



Corporate Governance Report

Purpose

Castle Trust Bank's corporate governance is designed to give stakeholders confidence that the bank's objectives have been subject to thorough challenge and review and that performance against objectives is continually monitored, resulting in regular review and evolution of strategy.

Castle Trust Bank's strategy includes the following specific objectives:

Area	Objective	Outcome
Customers	Castle Trust Bank identifies and meets its customer needs and provides a high quality service	The place to do business with
Commercial	Castle Trust Bank has a suite of attractive products with appropriate pricing, and effective distribution	
Technology	Castle Trust Bank has the right technology to deliver its objectives in a secure, resilient, cost efficient and customer friendly manner	
People	Castle Trust Bank's Board, senior management team and wider workforce have the skills, experience and motivation to deliver its objectives	The place to work
Financial Sustainability	Castle Trust Bank has the right financial resources to achieve its objectives, including capital and liquidity resources and generation of sustainable, attractive returns from its activities	The place to invest
Risk	Castle Trust Bank controls and monitors the risks that it takes in order to meet its objectives, including customer, conduct, operational and financial risks, and ensure that the risks are commensurate to the returns and financial resources of the institution	

The Board

The Board of directors has the ultimate responsibility for all aspects of Castle Trust Bank's operations. It has instituted five sub-committees which are explained in the next section. The Board holds formal meetings throughout the year and these are variously supplemented by ad-hoc workshops, site visits, strategy reviews and private meetings of the Non-Executive Directors.

The most important decisions are reserved to the Board, with advice from sub-committees where appropriate. The Board delegates more routine decisions to the Executive Directors who in turn delegate decisions to individuals (as determined by specific mandates) or to committees (as determined by the relevant policy). Executive decisions are taken within the framework of a comprehensive range of Board approved policies and an annual plan setting Group and subsidiary budgets, and product and organisational strategies.

At least annually, and more frequently if required, the Board agrees a corporate plan which sets out the specific objectives of the business and forecasts the financial position based upon that plan and taking into account the prevailing economic outlook. The forecasts must demonstrate that Castle Trust Bank is able to meet its risk appetite.

The Board oversees the effectiveness of the corporate plan delivery through a combination of regular qualitative and quantitative reports summarised into key performance and risk indicators covering all of the key areas in the business, as well as periodic deep dives.

The Board has access to all Executives and any information it requires. The Executives responsible for the 2nd and 3rd lines of defence (see Risk Management Report) have direct access to the Board Chair and the Chairs of Risk and Audit.

Castle Trust Bank is not subject to the UK Corporate Governance Code; however, it still places a significant value on the independence of its directors, and it has deemed the following directors to be independent:

Ken Stannard (Chair of the Board)

Eric Anstee (Senior Independent Director)

Marian Martin

Andrew Doman

Melba Montague

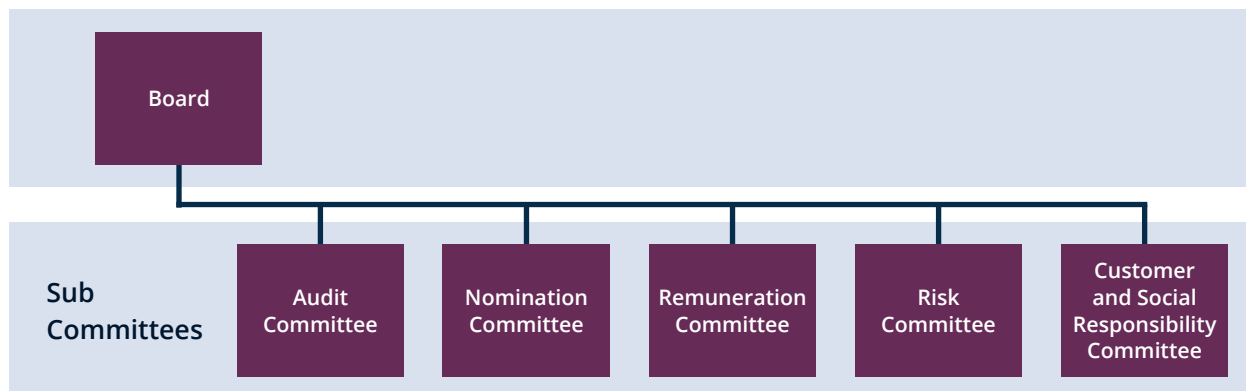
The Chairs of the Board and all its sub-committees are deemed to be independent.

The Senior Independent Director is responsible for ensuring that the collective views of the Independent Directors are reflected at the Board; the Chair is effective; and the Board meetings, information and training meets the needs of the Independent Directors and allows them to exercise appropriate influence.



Board Sub-Committees

The Board operates five standing sub-committees, which enable additional focus to be given to areas of complexity or detail, approving business plans, making recommendations to management and to the Board as appropriate.



Sub-committee	Chair	Other Members
Audit	Eric Anstee	Marian Martin, Melba Montague, Tim Hanford
Nomination	Ken Stannard	Andrew Doman, Tim Hanford
Remuneration	Andrew Doman	Ken Stannard, Tim Hanford
Risk	Marian Martin	Eric Anstee, Andrew Doman, Tim Hanford, Ken Stannard
Customer and Social Responsibility	Melba Montague	Martin Bischoff

Each sub-committee has its own Terms of Reference setting out its objectives.



Board of Directors

Overview

The Castle Trust Board of Directors is the main decision-making body at the Group level. The Board considers all issues and risks of a strategic nature and is ultimately responsible for management of the business of the Group and the establishment of Group strategy. The Board also has ultimate responsibility for the oversight of the Group's compliance with the Financial Conduct Authority (FCA) and Prudential Regulation Authority's (PRA) Principles for Business and is to fulfil a role in facilitating relationships between the Group and the FCA and PRA.

The Board monitors and is ultimately responsible for the Group's operations, ensuring professional and prudent management, sound planning, appropriate procedures for the maintenance of accounting and other records and systems of internal control, and for compliance with all statutory and regulatory obligations.

The Board leads the development of the Group's values, culture and standards and is responsible for ensuring that these values, culture and standards are understood and met at each level of the business.

Meeting frequency and attendance

Member	Meetings	Member	Meetings
Ken Stannard - Chair	6/6	Tim Hanford	4/6
Eric Anstee	6/6	Tughan Alioglu	6/6
Marian Martin	6/6	Martin Bischoff	6/6
Melba Montague	6/6	Paul Lloyd-Jones	6/6
Andrew Doman	6/6		

Achievements and decisions made

- Approval of the Group and subsidiary entity annual financial statements for the period ended 30 September 2024 including key accounting judgements and the going concern assessment. These were approved following the clearance by the external auditors and the recommendation of the Audit Committee.
- Approving the overall strategy of the Group and business lines as well as receiving and reviewing periodic updates from the business on its performance against the agreed strategy.
- Ongoing monitoring of the performance of the business including the wider context of performance as well as the financial performance against plan.
- Issuance of an additional £8m of Tier 2 Capital to the Group's shareholder in order to support the organic growth of the Group.
- Reviewing and adapting to changes in the external landscape with approval of revised forecasts and plans which were presented by management.
- Reviewing and adapting to changes in the legal and regulatory landscape with review of actual and proposed changes such as Basel 3.1 and the proposed regulation of Buy Now Pay Later.
- Reviewing and making decisions over potential inorganic opportunities for the business.



- Monitoring and reviewing interactions with the FCA and PRA and management's proposed approach to its regulators more widely.
- Approval of the ICAAP and ILAAP for publication following the work and discussions around these which occurred as part of the Risk Committee.
- Monitoring and reviewing the Technology estate of the Group including Cyber awareness and security as well as in relation to change and projects.
- Monitoring and oversight of the Operational Resilience framework which has been adopted.
- Receiving and reviewing annual reports on money laundering, financial crime and CASS.
- Reviewing and responding to material incidents which occurred within the Group with approval of remediation activities where required.
- The review and approval of the overall ESG policy and approach and the application of the FCA's Consumer Duty via the Customer & Social Responsibility Committee.
- Monitoring colleague satisfaction and engagement through receipt and review of updates on the regular Peakon surveys which are conducted as well as by hosting informal sessions with colleagues to give Directors a chance to meet and listen to colleagues directly.

Risk Committee

Overview

Castle Trust Bank is exposed to multiple risks which have the potential to cause harm to its customers, cause it to fail to meet regulatory requirements or to fail to achieve its strategic objectives. These risks are controlled through the Risk Management Framework.

The Castle Trust Board Risk Committee is the board level committee responsible for oversight of the Risk Management Framework including setting appetite, overseeing controls, reviewing monitoring and undertaking effectiveness reviews. The Risk Management Framework covers strategic, credit, market & funding, conduct and operational risk including regulatory and financial crime risks.

Meeting frequency and attendance

Member	Meetings	Member	Meetings
Ken Stannard	4/4	Eric Anstee	4/4
Marian Martin - Chair	4/4	Tim Hanford	2/4
Andrew Doman	4/4		



Achievements and decisions taken

Oversight of the Risk Management Framework

As detailed below, the Risk Committee has undertaken detailed reviews of the Risk Management Framework and where appropriate and as part of these reviews has changed risk appetite and or mandated additional controls. In particular the credit risk appetite has been re-aligned to the higher interest rate environment.

- Review of the Risk Management Framework and management's action plan to support the evolution of its risk management as the business grows in size and diversity.
- Review of the key models relied upon in determining Expected Credit Loss and oversight of the follow up actions agreed as part of that review.
- Review of the framework and risk appetite for Interest Rate Risk, Liquidity Risk, Conduct Risk, Credit Risk, Financial Crime.
- Review of the framework and risk mitigation tools deployed to manage risk arising from Omni intermediaries.
- Review of each individual risk in the Risk Management Framework including appetite, exposure and current issues.

Responses to emerging risks

- Review of significant Property credit losses and management's response in the form of changes to products, policies and processes.
- Review of management's framework in respect of Climate Change risk and the anticipated impact of both the direct consequences of changing climate and the impact of public sector intervention as the UK transitions to net zero upon Castle Trust Bank's own business and its customer base.
- Annual review of the performance and strategy for credit risk across the two main exposure classes.
- Updates in respect of Group Wide Manual Controls review; Climate Change risk; Deposit Aggregators.
- Review of the key principles in respect of the PRA's requirement to undertake Solvent Exit Analysis.

Challenge to key decisions

- Review of the ICAAP, ILAAP and recommendation to the Board to adopt these documents, including review of economic scenarios for stress testing.
- Review of a small number of credit exposures outside of management mandate levels at origination and in respect of further advances or restructuring.
- Review of the performance of Bridging loans following the pivot towards a mixed Bridging / Term lending property strategy

Through the year, members of Risk Co continued to engage with senior management to address specific issues and / or emerging risks.



Audit Committee

Overview

The Audit Committee is responsible for evaluating and making recommendations to the Castle Trust Bank Board in relation to accounting, internal control and financial reporting functions.

The Committee reviews and monitors the external auditor's independence and objectivity and the effectiveness of the audit process and provides advice to the Board on whether the annual report and accounts are fair, balanced, and clear.

The Committee monitors and reviews the effectiveness of the Company's Internal Audit function, reviews internal audit reports and oversees the Compliance programme.

Meeting frequency and attendance

Member	Meetings	Member	Meetings
Eric Anstee - Chair	5/5	Melba Montague	4/5
Marian Martin	4/5	Tim Hanford	4/5

Achievements and decisions made

- Review of the Group and subsidiary entity annual financial statements for the year ended 30 September 2024 including key accounting judgements and the going concern assessment. This was recommended for signing to the Board following full clearance by the external auditors.
- Ongoing monitoring of impairment and IFRS 9 model outputs, parameters, and macro-economic forecasts. There was continued focus in the year around the cost of living and customer affordability challenges with post model adjustments and overlays considered where appropriate.
- Monitoring of changes to mortgage customer behaviour in the ongoing high interest rate environment and the related impact on mortgage amortised cost and effective interest rate models.
- Approval of the publication onto the Castle Trust website of the Pillar 3 disclosures, providing information on the Bank's capital adequacy and risk profile.
- Review and approval of interim profit verification as of 30 June 2025, including the detailed findings of the external auditors.
- Monitoring and review of external auditors control observations with management responses and agreed remediation plans and dates.
- Review, approval and monitoring the execution of the external audit plan and audit fee proposal presented by Deloitte for the financial year ended 30 September 2025.
- Oversight of the Bank's client assets safeguarding procedures and controls to ensure that the rules set out in the FCA's Client Asset Sourcebook (CASS) are fully adhered to.
- Discussed the changes to various regulations and laws which have an impact on the Bank and the Group's Internal Audit, Compliance, Finance, and Regulatory Reporting processes.



- Ongoing review of updates from Compliance in relation to compliance monitoring, compliance advisory, financial crime, data protection and regulatory change. Assessment of Compliance resources to enable completion of the planned activities.
- Ongoing review of updates from Internal Audit including the review of internal audit reports and the monitoring of external audit, internal audit, compliance monitoring and other assurance actions against agreed delivery dates.
- The Committee received an analysis of the changes to standards and guidelines from the Institute of Internal Auditors and confirmed that they were satisfied with the function's plans to achieve ongoing conformance.
- The Committee reviewed and confirmed satisfaction with the independence and objectivity of the Head of Internal Audit and the level of internal audit resources.
- The Committee concluded that the work of Internal Audit continued to generally conform to standards and guidelines from Institute of Internal Auditors and that they were satisfied with the level of internal audit resources.
- Review and approval of key internal policies covering data protection, financial promotions, travel and business expenses, use of external auditors, VAT treatment, whistleblowing, financial crime, compliance, Regulatory Reporting, and provisioning,
- Endorsed the combined Compliance Monitoring & Internal Audit Plan for 2025/26 .
- Review and approval of the revised Internal Audit Charter to ensure alignment with new IIA Internal Audit Standards.

Remuneration Committee and Nomination Committee

Overview

The Remuneration Committee oversees Castle Trust Bank's Group Remuneration and Reward Policy and approves, reviews the performance of, and makes remuneration recommendations in relation to senior executives.

The Remuneration Committee safeguards the integrity and fairness of executive pay and benefits within Castle Trust Bank by approving and then overseeing the Bank's Balanced Scorecard that aligns with the Company's goals. It assesses executives' achievements against these metrics and determines pay levels accordingly.

While the primary focus is on executive pay, the Remuneration Committee also reviews broader employee remuneration and benefit policies to ensure consistency and alignment with organisational values.

The Remuneration Committee reviews levels of remuneration across the firm to ensure that the firm remains competitive in attracting and retaining high calibre talent, whilst ensuring that reward structures ensure the right behaviours are rewarded.

The Nominations Committee's primary purpose is to oversee the process of identifying, evaluating, and recommending individuals for appointment to the Board and other key leadership positions.

The Nominations Committee also regularly reviews the composition and performance of the Board, considers succession planning for senior executives and promotes a culture of good governance.



Meeting frequency and attendance

Member	Nomination Committee	Remuneration Committee
Ken Stannard – Chair Nomination Committee	4/4	4/4
Andrew Doman – Chair Remuneration Committee	4/4	4/4
Tim Hanford	4/4	4/4

Achievements and decisions made

During the year the Remuneration Committee undertook the following activities:

- Commissioned an external benchmark review of executive remuneration against peer companies, industry standards, and market trends to ensure competitiveness and fairness.
- Discussed and approved both financial and strategic targets for the Executive Directors as contained in the group balanced scorecard and recorded in the Executive Performance Plans.
- Reviewed and approved the Executive Performance Plans for the Executive Management Committee members.
- Approved the external advisor to present the annual external remuneration insights to the Committee.
- Approved new participants and award percentages of the Long-Term Incentive Plan (LTIP).
- Considered and approved the treatment of leavers who participate in the Long-Term Incentive Plan (LTIP) scheme.
- Reviewed and approved the mid-year and year-end performance review ratings and distribution curves.
- Approved the annual salary review and annual discretionary bonus allocation.
- Reviewed and approved the annual Remuneration Policy Statement and supporting documentation in relation to the firm's Material Risk Takers (MRTs).
- Had oversight of the annual Gender Pay Gap Report and Women in Finance Charter submission.
- Has oversight of the talent management model for the organisation and succession plans for SMT / ExCo roles.
- Reviewed the CRO's annual review of Risk and Culture including triggers for risk related adjustments to variable remuneration.
- Reviewed and approved the Terms of Reference of the Committee.
- Approved the updated Group Remuneration & Reward Policy, Remuneration Risk Adjusted Framework Policy, and Group People Policy.

During the year the Nominations Committee undertook the following activities:

- Approved external advisor to conduct the external Board Effectiveness Review.
- Established an appropriate succession plan for the CEO role.
- Reviewed and approved the Terms of Reference of the Committee.



Customer and Social Responsibility Committee

Overview

The Customer and Social Responsibility Committee provides a Board-level forum to ensure that Castle Trust Bank's strategy is developed by putting customers first and delivering good outcomes for customers. It oversees the delivery of Consumer Duty obligations, making recommendations to the Board.

This Committee is also responsible for evaluating and making recommendations to the Board to ensure that Castle Trust Bank acts in a socially responsible way across all its activities, overseeing Environmental, Social and Governance ("ESG") issues.

Meeting frequency and attendance

The Customer and Social Responsibility Committee met four times between 1 October 2024 and 30 September 2025.

Member	Meetings
Melba Montague - Chair	4/4
Martin Bischoff	4/4

Achievements and decisions made

- Reviewed and approved the Terms of Reference of the Committee.
- Considered regulatory developments and legal obligations relating to Castle Trust Bank's delivery of good customer outcomes.
- Oversaw transition of Consumer Duty activities into BAU, providing regular updates to the Board.
- Reviewed and challenged the scope, methodology, and findings of assurance activity relating to Consumer Duty, including follow-up on management actions.
- Undertook deep-dive reviews of key customer journeys across all three business units, with focus on testing customer understanding and value assessments.
- Reviewed and approved the FY25 ESG plan, monitoring delivery and progress throughout the year.
- Provided challenge on the content of the second Annual Customer Outcomes Report prior to submission to the Board, ensuring alignment with FCA expectations and Regulator commentary.
- Oversaw initial planning for FY26 priorities, including enhancements to management information and measurement of customer outcomes.



Directors' Report

The directors present their report of the consolidated financial statements of Castle Trust Holdings Limited (the "Group", "Castle Trust Bank" or the "Bank") incorporating the individual financial statements for Castle Trust Holdings Limited (the "Company") for the year ended 30 September 2025.

Throughout these financial statements, "Castle Trust Bank" is used as a term that captures all operational activity of the Group. This is principally the property lending and deposit taking activities of CTC and the point of sale consumer lending activities of Omni Capital Retail Finance Limited ("Omni").

Directors

Details of directors who served during the year and up to the date of signing are provided on page 3.

Regulatory environment

CTC, which has been awarded a banking licence, is regulated by the PRA and FCA. Omni (with respect to consumer credit only) is authorised and regulated by the FCA. Castle Trust Bank is not subject to the UK Corporate Governance Code.

Results and dividends

The results of the Group for the year are set out in the consolidated statement of comprehensive income on page 86. The Group has made a profit before tax in the current financial year of £9.4 million (2024: £9.1 million).

The directors do not recommend the payment of a dividend (2024: £nil). Please refer to Note 26 for details of share capital.

Financial risk management and exposure to risk

The Group measures and monitors risk on a regular basis and formally reviews its risk position at the Risk Committee every quarter. The main financial risk to which the Group is exposed to as at 30 September 2025 is credit risk as set out in the Risk Management Report. The Group is also exposed to other market risks (primarily interest rate risk and house price risk) and liquidity risk as these risks are inherent in the business. Each of these risks are regularly measured and monitored, and appropriately managed. Refer to the Risk Management report on page 38 and Note 24 for full details.

The Risk Function helps to set risk appetite, develops an appropriate risk management framework and oversees exposures. It is independent of the business areas responsible for managing these risks and has direct access to the Risk Committee responsible for setting and oversight of risk strategy and policies. The Risk Committee (which has formally met 4 times during the financial year with a number of ad-hoc discussions and workshops held in addition to address specific issues) has delegated various decision making and monitoring responsibilities to the following executive committees: the monthly Credit Risk Committee, the monthly Customer and Operational Risk Committee, and the Credit Approval Committee.

Principle risks and uncertainties

The principal risks and uncertainties of the business have been defined as Risk Groups in the Risk Management Report on page 38. This report details the oversight and mitigation the company has undertaken.

Going concern assessment

The consolidated financial statements of Castle Trust have been prepared on a going concern basis. In assessing whether the going concern assumption remains appropriate for the Group, the directors have focussed on the liquidity and funding position for the next 12 months.

The Group is adequately capitalised with total equity of £126.8 million, total assets of £1,666.2 million and liquidity of £350.1 million.

The Group undertakes an annual planning round which assesses the Group's profitability, capital and liquidity position over a 5 year time horizon. As part of the going concern assessment, stress scenarios are applied to the base case financial plan, the outcomes of which determine whether the group remain a going concern under these scenarios over the assessment period.

The stress scenarios applied incorporate the following assumptions:

- Profitability and Capital Stress – Severe but plausible market and idiosyncratic scenarios have been run where the Group's profitability and regulatory capital position is assessed under stress.
- The severe market stress is derived from the Annual Cyclical Stress ("ACS") as prescribed by the Bank of England. This results in increased cost of funding, higher impairment charges and a significant reduction in business volumes. A further interest rate rise assumption was overlaid to the market stress along with plausible idiosyncratic one-off losses.
- Liquidity stress – cashflow factors modified to reflect a market, idiosyncratic and combined set of scenarios which places pressures on the net cashflow position of the Group.

To each of these stress scenarios, management actions were considered to assess the Group's response. These actions included:

- Tightening of risk appetite in response to worsening credit environment.
- Reduction in origination targets to reduce Risk Weighted Assets
- Flexible pricing on deposit products to respond to liquidity needs.
- Tighter cost control in line with reduced revenue to maintain profitability.

Furthermore, a reverse stress scenario was performed that considers similar risk drivers in more severe but less plausible scenarios, which if unmitigated would render the business model unviable. The directors consider the possibility of this outcome to be remote and have identified mitigation that would be adopted in such circumstances.

The ability of the Group to attract new savings customers is continuously assessed, together with sensitivity analysis on potential changes in the interest rate offered on new fixed term deposits which may occur as a result of changes in the macro economic environment and alternative rates available in the market. The Group continues to diversify its sources of funding through offering of its deposit products through financial intermediaries and will be seeking access to the Bank of England's Sterling Monetary Framework in the future.



The directors have also considered the following as part of the going concern assessment:

- Risk management policies and how the Group is placed to manage business risks.
- The overall regulatory risk of the business including the risks associated with the current business model, potential exposure to conduct risk and the impact of changes in the regulatory landscape.
- The control environment of the Group in assessing the likelihood of operational failures.

The directors are satisfied that the Group has the resources to continue in business for the foreseeable future and meet its liabilities as they fall due in the next 12 months. Furthermore, the directors are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern.

Events since the balance sheet date

No significant adjusting or non-adjusting events after the reporting date have been identified. Please refer to note 35.

Capital management

CTC is regulated by the Financial Conduct Authority ("FCA") and Prudential Regulatory Authority ("PRA") and is subject to the requirements of the Capital Requirements Regulation which governs capital levels. Regulatory capital requirements are monitored as part of the overall management of capital, with Key Risk Indicators assigned and monitored for regulatory capital ratios. Omni is also subject to FCA regulation over its consumer credit activities.

Capital management disclosures, to the extent they are not included in the financial statements are published in a Pillar 3 disclosure on Castle Trust Bank's website (www.castletrust.co.uk).

Future Developments

Despite ongoing inflationary pressures, the market is expecting further interest rate cuts as we go into 2026. Overall inflation is expected to be closer to its 2% target in around two years. The UK interest rates have started to come down but a cautious approach to rate cutting is expected from the Bank of England. UK GDP continues to remain stubbornly stagnant with persistent inflationary pressure in the services sector and limited economic growth.

Castle Trust Bank's business model will continue to be centred around its three main business lines – Property, Omni and Savings. Castle Trust is approaching five years of being a bank and has operated in its core markets for many years before that. It knows its customers and markets well. The Bank has navigated the unprecedented challenges of recent years well and so is optimistic that any further disruptions to business conditions can be overcome.

Despite the challenges facing the UK economy, Castle Trust Bank remains well capitalised with significant levels of surplus liquidity. This robust balance sheet will enable the Bank to pursue its growth plan and to be in a strong position to engage in strategic opportunities were they to arise in the market.



Streamlined Energy and Carbon Report Regulations (“SECR”) disclosure (unaudited)

The Group is exempt from making full energy and carbon disclosures as all entities in the Group are exempt from reporting on energy and carbon. The disclosures below are therefore voluntary.

The SECR disclosure presents the Group’s carbon footprint, together with an appropriate intensity metric and total energy use of electricity and gas from the premises utilised by the Group. The kWh incurred by the premises is firstly allocated to the Group and then converted to an emissions total using multipliers provided by the UK government. For shared premises spaces, the Group receives an allocation of energy usage based on gross internal floor area. All emissions are Scope 2.

	2025	2024
Gross Internal Floor Area (m²)	1,469	1,720
Scope 2 emissions and indirect energy use (kWh) - Energy use of purchased electricity	300,994	392,674
Emissions and energy use totals		
Absolute emissions (kg CO ₂ e)	53,749	77,029
Total energy use (kWh)	300,994	392,674
Intensity measures		
Emissions per m ² gross internal area (kgCO ₂ e/m ² /year)	36.59	44.78
Energy use per m ² gross internal area (kWh/m ² /year)	204.90	228.26

During the year initiatives to reduce the Group’s carbon footprint were undertaken including a review of energy consumption, reduction in paper usage and implementation of proposals from the Group’s ESG Committee, a committee of colleagues responsible for ensuring sustainable business practices are implemented and promoted.

Research and development activities

The nature of research and development activities undertaken by the Group is principally software and IT platform development.

Engagement with suppliers, customers, and others

The Group’s approach to fostering relationships with suppliers, customers and others is detailed in the S172 (1) statement on page 30.

Political contributions and donations

The Group has made no political contributions or donations during the current and prior year.

Branches outside the UK

The Group has no branches outside the UK.



Directors' indemnity and directors & officers liability insurance

The Group maintains a qualifying directors and officers liability insurance policy. In accordance with the Group's Articles of Association, Castle Trust has, by way of deed poll, indemnified the directors against liabilities to third parties as a result of their office, to the extent permitted by law. Neither the insurance policy nor any indemnities that are provided by the Group provide cover for fraudulent or dishonest actions by the directors.

There were no provisions made in the current or prior year in relation to directors' indemnity.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Group's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information. The confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Appointment of Auditors

Deloitte have expressed their willingness to continue in office as auditor and a resolution to re-appoint them will be considered at the next Annual General Meeting.

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



Andrew Macdonald

Company Secretary

11 December 2025



Statement of Directors' Responsibilities

The directors are responsible for preparing the strategic report, the directors' report, and the consolidated 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 consolidated financial statements in accordance with United Kingdom adopted international accounting standards.

Under Company law, the directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that year.

In preparing the consolidated financial statements the directors are required to:

- present fairly these financial positions, financial performance and cash flows of the Group;
- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements that are reasonable;
- provide additional disclosures when compliance with the specific requirements of United Kingdom adopted international accounting standards in conformity with the requirements of the Companies Act 2006 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance;
- state whether the Group's financial statements have been prepared in accordance with United Kingdom adopted international accounting standards in conformity with the requirements of the Companies Act 2006, 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 Group will continue in business.

The strategic report and the directors' report include a fair review of the development and performance of the business and the position of the Group, and the undertakings included in the consolidation, taken as a whole, together with a description of the principal risks and uncertainties faced by the Group.

The directors are responsible for ensuring that the Group keeps proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group, in accordance with the Companies Act 2006. The directors have general responsibility for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Financial Statements

Independent auditor's report to the members of Castle Trust Holdings Limited

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of Castle Trust Holdings Limited (the "Parent Company" or the "Company") and its subsidiaries (the "Group"):

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2025 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated and company statement of comprehensive income;
- the consolidated and company statement of financial position;
- the consolidated and company statements of changes in equity;
- the consolidated and company statement of cash flows;
- the related notes 1 to 35.

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

2. Basis for opinion

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

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed 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.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Expected credit loss on loans to customers; and • Effective interest rate income recognition
Materiality	The materiality that we used in the current year was £1.87m (2024: £1.6m) which was determined on the basis of 1.5% of net assets.
Scoping	Audit work to respond to risks of material misstatement was performed directly by the Group audit engagement team in the UK. Our audit procedures provided coverage of 100% of the Group's interest receivable and similar income, 100% of the Group's profit before tax, 100% of the Group's total assets and 100% of the Group's total liabilities.

4. Conclusions relating to going concern

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

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

- Evaluated management's going concern assessment paper to determine whether it appropriately captures key business risks, such as operational, financial, liquidity and capital risks;
- Obtained management's five-year profitability plan and capital and liquidity forecasts and challenged key assumptions and their projected impact on capital and liquidity ratios, particularly with respect to loan book growth and potential credit losses;
- Supported by Deloitte's regulatory specialists, we read the most recent ICAAP and ILAAP submissions, considered management's capital and liquidity projections, evaluated the results of management's stress testing, and challenged key assumptions and methods used in the stress testing;
- Read correspondence with regulators to understand the capital and liquidity requirements imposed by the Group's regulators, evidence any changes and consider those requirements as part of our overall going concern assessment;
- Assessed the historical accuracy of profitability forecasts prepared by management; and
- Assessed the appropriateness of the disclosures made in the financial statements in view of the requirements of applicable financial reporting framework.

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 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.



5. Key audit matters

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

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

5.1 Expected credit loss on loans to customers

Key audit matter description

IFRS 9 Financial Instruments requires loan provisions to be calculated using an expected credit loss ("ECL") model. As disclosed in note 12, the Group had an outstanding balance of loans to customers at amortised cost, net of ECL provision, amounting to £1,276.5m (2024: £878.3m) with the total ECL provision balance of £28.6m (2024: £22.2m) as at 30 September 2025. ECL is calculated both for individually significant loans and collectively on a portfolio basis which requires the use of statistical models incorporating loss data and assumptions on the recoverability of customers' outstanding balances.

The uncertain macroeconomic environment, has increased the complexity in estimating the ECL provision, particularly with regards to determining appropriate forward looking macroeconomic scenarios and appropriately identifying significant increases in credit risk.

The ECL provision requires management to make significant judgements and estimates. We therefore consider the risk of misstatement due to fraud or error to be a key audit matter.

We identified three specific areas in relation to the ECL that require management judgement or relate to assumptions to which the overall ECL provision is sensitive.

- i. **Significant increase in credit risk ("SICR"):** The assessment of whether there has been a significant increase in credit risk from the date of origination of the exposure to 30 September 2025. There is a risk that management's staging criteria do not capture SICR and/or are applied incorrectly.
- ii. **Macroeconomic scenarios:** As set out in note 24, the Group sources economic forecasts from a third-party economic specialist and considers a minimum of five probability weighted scenarios, including base, mild upside, upside, downside, and severe downside. Due to the economic uncertainty, there have been significant changes to the economic assumptions in each of the scenarios. The key economic variables were determined to be the house price index ("HPI"), unemployment rates and base rate. There is significant judgement involved in determining the probability weighting of each scenario and the assumptions and characteristics of each scenario applied.
- iii. **Collateral valuation used in stage 3 loans:** Management uses third-party valuers or house price indices to estimate the market value of collaterals on a case-by-case basis for stage 3 loans. The use of incorrect or inappropriate stale valuations could lead to a material misstatement of the ECL.

Further information on these key areas of the determination of the ECL can be found in note 2.4 and note 24.



How the scope of our audit responded to the key audit matter

We obtained an understanding of the relevant controls over the ECL provision with a particular focus on controls over significant management assumptions and judgements used in the ECL determination.

To challenge the Group's SICR criteria, we:

- Evaluated the Group's SICR policy and assessed whether it complies with IFRS 9 *Financial Instruments*;
- Assessed the quantitative thresholds used in the SICR assessment by reference to standard validation metrics including the proportion of transfers to stage two driven solely by being 30 days past due, the volatility of loans in stage two and the proportion of loans that spend little or no time in stage two before moving to stage three;
- With assistance from our credit modelling specialists, we assessed whether SICR assumption methodology and code script used in the ECL model is consistent with the approved SICR methodology;
- Tested whether the quantitative and qualitative thresholds set by management had been appropriately applied in practice as at 30 September 2025; and
- Performed an independent assessment for a sample of loans, including a focused sample of forborne loans, to determine whether they have been appropriately allocated to the correct staging.

To challenge the Group's macroeconomic scenarios and the probability weightings applied we:

- Agreed the macroeconomics scenarios used in the ECL model to reports prepared by the third-party economics specialists;
- Assessed the competence, capability and objectivity of the third-party economics expert, which included making specific inquiries to understand their approach and modelling assumptions to derive the scenarios;
- Supported by our economic specialists, assessed and challenged management's assessment of scenarios, forecasting of selected economic variables, and considered the probability weightings assigned to them in light of the economic position as at 30 September 2025;
- Assessed whether macroeconomics methodology and code script used in the ECL model is consistent with the macroeconomic assessment approved by the Audit Committee. We were supported by our credit modelling specialists; and
- Performed a benchmarking exercise to compare the appropriateness of selected macroeconomic variables and weightings to those used by peer lenders as part of stand back assessment.



How the scope of our audit responded to the key audit matter

To challenge the Group's collateral valuation used in stage 3 loans, we:

- Supported by our property valuation specialists, examined management's valuation policies and tested a sample of collateral valuations for stage 3 loans by reference to available market data; and
- For a sample of collaterals, reviewed third-party valuation reports used by the Group to test the appropriateness of the assumptions and valuation methodology.

Key observations

We determined that the methodology and the SICR criteria, haircut rate assumption, collateral valuations used in stage 3 loans and management overlays used in determining the ECL provision as at 30 September 2025 were reasonable.

We observed that the macroeconomic scenarios selected by the Directors and the probability weightings applied are appropriate.

Overall, we determined that the ECL provision on loans to customers is appropriately stated.

5.2 Effective interest rate income recognition Key audit matters

Key audit matter description

In accordance with the requirements of IFRS 9 Financial Instruments, management is required to spread directly attributable fees, discounts, incentives and commissions on a constant yield basis ("effective interest rate, EIR") over the shorter of the behavioural and contractual life of the loan assets. EIR calculations are complex and the Group's approach to determining the EIR involves the use of models and significant estimation in determining the behavioural life of the related loan assets. Given the complexity and judgement involved in accounting for EIR, there is an opportunity and incentive for management to manipulate the amount of interest income reported in the financial statements and revenue recognition is an area susceptible to fraud.

As disclosed in note 3, the Group's interest income for the year ended 30 September 2025 was £104.6m (2024: £84.1m)

EIR adjustments arise from revisions to estimated cash receipts or payments for loan assets that occur for reasons other than a movement in market interest rates or credit losses. They result in an adjustment to the amortised cost, with the adjustment recognised in the income statement in interest income and similar income. As the EIR adjustments reflect changes to the timing and volume of forecast customer redemptions, they are inherently judgemental. The level of judgement exercised by management is increased given the limited availability of historical repayment information. The EIR adjustments are sensitive to changes in the behavioural life "curves" or "conditional prepayment rate" ("CPR") assumption.



Key audit matter description	The current macroeconomic environment, and the changes in the Group's mortgage portfolio, have introduced additional uncertainty with regards to forecasting expected behavioural lives and prepayment rates. There is management judgement involved in establishing whether customer behaviour observed in the recent period is indicative or not of future expected behaviour. We have therefore identified a key audit matter on the estimation of the CPR assumption for property mortgages. Further information on these key areas of the CPR assumption can be found in note 2 and note 12.
How the scope of our audit responded to the key audit matter	We obtained an understanding of the relevant controls over EIR, focusing on the calculation and review of EIR adjustments and the determination of CPR curves. To challenge the Group's prepayment rate and behavioural life assumptions, we: • With the assistance of analytics and modelling specialists we ran the Group's loan data for all products through our own independent EIR model, using the behavioural life curves derived by the Group. We compared our calculation of the EIR adjustment required to the amount recorded by management; • Independently derived a CPR curve using the Group's repayment data over recent periods, with the help of analytics and modelling specialists. We used these curves in our own independent EIR model to derive an independent output showing the amortised cost that should have been recorded in 2025. We compared this output to the amounts recorded by management; and • Tested the completeness and accuracy of a sample of inputs into the EIR model.
Key observations	We determined that the EIR models and assumptions used were appropriate and that interest income for the year is appropriately recognised.

6. Our application of materiality

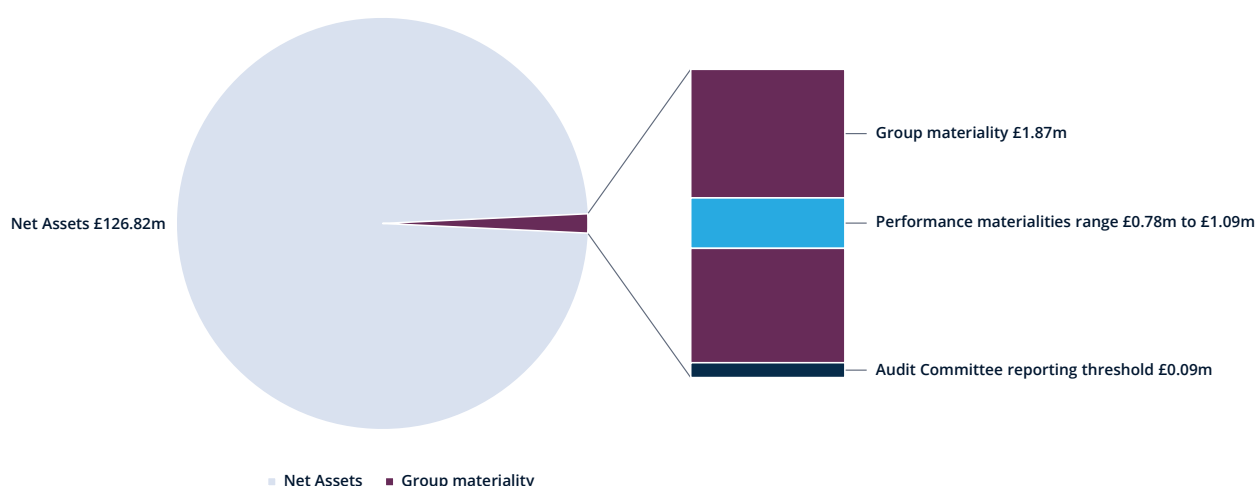
6.1 Materiality

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

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

	Group financial statements	Parent Company financial statements
Materiality	£1.87m	£1.22m
Basis for determining materiality	1.5% of Group net assets	1.5% of Parent Company net assets
Rationale for the benchmark applied	Net assets is a key metric within the financial statements on which the users, being the owner of the Group, lenders and the regulatory bodies, tend to focus and is a good proxy for regulatory capital.	





6.2 Performance materiality

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

	Group financial statements	Parent Company financial statements
Performance materiality	70% of Group materiality	70% of Parent Company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the Group's and Parent Company's control environment, including entity-level controls, our understanding of the business through our work performed; and the low level of corrected and uncorrected misstatements identified in prior year.	

6.3 Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.09m, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1 Scoping

Our Group audit was scoped by obtaining an understanding of the Group and Parent Company and its environment, including Group-wide controls, and assessing risks of material misstatements at the Group level. We structured our approach to the audit to reflect how the Group is organised as well as ensuring our audit was both effective and risk focused.

Due to the centrally controlled nature of the Group, which includes its operations and service centres as well as central management of financial reporting for components, all of our testing was performed centrally by the Group team. We identified Castle Trust Capital plc and Omni Capital Retail Finance Limited, the two subsidiaries of the Group, as components where an audit of the entire financial information was required. The audit work was performed using a range of performance materialities from £0.78m to £1.09m.



Our audits of the entire financial information of the above components accounted for 100% of the Group's interest receivable and similar income, 100% of the Group's profit before tax, 100% of the Group's total assets and 100% of the Group's total liabilities. At a Group level we also tested the Group's consolidation process.

7.2 Our consideration of the control environment

We identified the key IT systems relevant to the audit to be those used in the financial reporting, lending, expected credit losses, treasury, and savings business processes. For these controls, we involved our IT specialists to gain an understanding of the general IT controls, including over user access and change management systems.

We performed walkthroughs with management to understand the process and controls and identified and gained an understanding of relevant controls that address risks of material misstatement in financial reporting. Whilst the Group continues to improve and implement a more robust system of internal control, we adopted a fully substantive audit approach.

7.3 Our consideration of climate-related risks

In planning our audit, we have considered the potential impact of climate change on the Group's operations and potential impact on its financial statements. The Group continue to execute their business strategy in line with their Environment, Social and Governance (ESG) strategy. The Group sets out its assessment of the potential impact of climate change in the Emerging Risks section of the Annual Report. Management have determined that the impact of climate related risks on the financial statements for the year is not material, as described in note 2 to the financial statements. We have held discussions with the Group to understand:

- The process for identifying affected operations, including the governance and controls over this process, and the subsequent effect on the financial reporting for the Group; and
- The long-term strategy to respond to climate change risks as they evolve.

Our audit work has involved:

- Reviewing management's assessment of the physical and transition risks identified and considering the Group's climate risk assessment and the conclusion that there is no material impact of climate change risk on current year financial reporting;
- Assessing management's approach to the incorporation and quantification of climate change risks within the ECL model; and
- Assessing disclosures in the Annual Report and challenging the consistency between the financial statements and the rest of the Annual Report.

We have not been engaged to provide assurance over the accuracy of climate change disclosures in the front half of the annual report. As part of our audit procedures, we read these disclosures to consider whether they are materially inconsistent with the financial statements or knowledge obtained in the audit and we did not identify any material inconsistencies as a result of these procedures.

8. Other Information

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

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

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



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

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, 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 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.

10. Auditor's responsibilities for the audit of the financial statements

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

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

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

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

11.1 Identifying and assessing potential risks related to irregularities

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

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit, the directors and the Audit Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
 - › identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;



- › detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- › the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations.
- the matters discussed among the audit engagement team and relevant internal specialists, including tax, valuations, IT, treasury, economic, credit, financial instruments, real estate and analytics and modelling specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: expected credit loss on loans to customers and effective interest rate income recognition. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Capital Requirements (Country-by-Country Reporting) Regulations 2013, pensions, legislation, and tax legislation.

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

11.2 Audit response to risks identified

As a result of performing the above, we identified expected credit loss on loans to customers and effective interest rate income recognition as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

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

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC, FCA and PRA; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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



Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

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

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

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

13. Matters on which we are required to report by exception

13.1 Adequacy of explanations received and accounting records

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the 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.

We have nothing to report in respect of these matters.

13.2 Directors' remuneration

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

We have nothing to report in respect of this matter.

14. Use of our report

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



Alexander Morton

(Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor, London, United Kingdom

11 December 2025



Consolidated and Company statement of comprehensive income

For the year ended 30 September 2025

	Notes	Group 2025 £'000	Group 2024 £'000	Company 2025 £'000	Company 2024 £'000
Interest and similar income	3	104,603	84,122	1,093	759
Interest and similar expense	4	(53,948)	(39,280)	(1,093)	(759)
Net interest income		50,655	44,842	-	-
Other income		620	456	-	-
Fees and commission income		1,759	1,646	-	-
Fees and commission expense		(63)	(18)	-	-
Realised / unrealised loss on financial instruments at fair value through profit or loss	5	(1,252)	(1,562)	-	-
Total operating income		51,719	45,364	-	-
Administrative expenses	6	(27,372)	(25,651)	-	-
Impairment losses	12	(11,644)	(7,586)	-	-
Depreciation and amortisation	15, 17	(3,303)	(3,032)	-	-
Total operating expenses		(42,319)	(36,269)	-	-
Profit before tax		9,400	9,095	-	-
Corporation tax charge	7	(2,680)	(2,510)	-	-
Total profit		6,720	6,585	-	-
Other comprehensive expense					
<i>Items not reclassified to profit or loss in subsequent periods</i>					
Fair value of own credit risk changes of financial liabilities at FVPL		-	-	-	-
Total other comprehensive expense for the year		-	-	-	-
Total comprehensive income		6,720	6,585	-	-

The results for all years presented comprise continuing operations.

Notes on pages 93 to 160 are an integral part of these financial statements.

Consolidated and Company statement of financial position

Registered number: 12161224

As at 30 September 2025

		Group 2025 £'000	Group 2024 £'000	Company 2025 £'000	Company 2024 £'000
Assets	Notes				
Cash and cash equivalents	8	329,832	121,371	-	-
Amounts due from credit institutions	9	15,053	12,254	-	-
Debt instruments	10	20,301	63,810	15,759	7,632
Trade and other receivables	11	1,245	914	-	-
Corporation tax receivable	7	1,506	621	-	-
Loans to customers					
At amortised cost	12	1,276,584	878,361	-	-
Fair value hedge asset	14	3,838	5,824	-	-
Derivative financial instruments	13	1,742	1,637	-	-
Prepayments		2,201	2,027	-	-
Deferred tax	7	6,291	8,080	-	-
Property and equipment and right-of-use assets	15	1,247	518	-	-
Investment in subsidiaries	16	-	-	81,497	81,497
Intangible assets	17	6,337	6,709	-	-
Total assets		1,666,177	1,102,126	£97,256	89,129
Liabilities					
Trade and other payables	18	20,457	9,576	-	-
Corporation tax payable	7	327	-	-	-
Amounts due to credit institutions	9	1,733	1,614	-	-
Provisions for liabilities	19	47	46	-	-
Amounts due to customers					
At amortised cost	20	1,495,438	957,770	-	-
At fair value through profit or loss	21	53	128	-	-
Fair value hedged liabilities	14	515	567	-	-
Derivative financial instruments	13	5,026	4,691	-	-
Subordinated liabilities	22	15,759	7,632	15,759	7,632
Total liabilities		1,539,355	982,024	15,759	7,632
Equity					
Share capital	26	81,497	81,497	81,497	81,497
Other reserve	26	57,916	57,916	-	-
Equity share based payment reserve		301	301	-	-
Own credit revaluation reserves		8	8	-	-
Retained earnings		(12,900)	(19,620)	-	-
Total equity		126,822	120,102	81,497	81,497
Total equity and liabilities		1,666,177	1,102,126	97,256	89,129

Notes on pages 93 to 160 are an integral part of these financial statements.

The financial statements were approved by the Board of directors and authorised for issue on 11 December 2025 and were signed on its behalf by:

A handwritten signature in black ink, appearing to read 'MB', is positioned above the name Martin Bischoff.

Martin Bischoff

Director

11 December 2025



Consolidated statement of changes in equity

For the year ended 30 September 2025

	Share capital	Other reserve	Equity settled share based payment reserve	Own credit revaluation reserves	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 October 2024	81,497	57,916	301	8	(19,620)	120,102
Total profit	-	-	-	-	6,720	6,720
<i>Other comprehensive expense</i>						
- Fair value of own credit risk changes of financial liabilities at FVPL	-	-	-	-	-	-
<i>Total comprehensive income</i>	-	-	-	-	6,720	6,720
Equity settled share based payment						
At 30 September 2025	81,497	57,916	301	8	(12,900)	126,822

For the year ended 30 September 2024

	Share capital	Other reserve	Equity settled share based payment reserve	Own credit revaluation reserves	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 October 2023	81,497	57,916	300	8	(26,205)	113,516
Total profit	-	-	-	-	6,585	6,585
<i>Other comprehensive expense</i>						
- Fair value of own credit risk changes of financial liabilities at FVPL	-	-	-	-	-	-
<i>Total comprehensive income</i>	-	-	-	-	6,585	6,585
Equity settled share based payment			1			1
At 30 September 2024	81,497	57,916	301	8	(19,620)	120,102

Company statement of changes in equity

For the year ended 30 September 2025

	Share capital £'000	Retained earnings £'000	Other Reserve £'000	Total £'000	Total equity £'000
At 1 October 2024 and 30 September 2025	81,497	-	-	81,497	81,497

For the year ended 30 September 2024

	Share capital £'000	Retained earnings £'000	Other Reserve £'000	Total £'000	Total equity £'000
At 1 October 2023 and 30 September 2024	81,497	-	-	81,497	81,497

Notes on pages 93 to 160 are an integral part of these financial statements.

Consolidated and Company statement of cash flows

For the year ended 30 September 2025

	Notes	Group 2025 £'000	Group 2024 £'000
Cash flows from operating activities			
Profit before tax		9,400	9,095
Adjustments for non-cash items:			
Depreciation and amortisation	15,17	3,303	3,032
Other income on R&D tax credits		(255)	(417)
Loss on disposal of property, plant and equipment		63	
Written off intangibles		-	81
Net interest income		(50,655)	(44,842)
Share-based payment expense	30	-	1
Impairment losses	12	11,644	7,586
Fair value losses on loans to customers at fair value	5	-	319
Fair value loss (gain) / loss on amounts due to customers at fair value	5	(4)	51
Fair value loss on derivatives		1,753	1,192
		(24,751)	(23,902)
Changes in operating assets and liabilities:			
(Increase) / decrease in trade and other receivables		(331)	154
Increase in loans to customers at amortised cost		(377,452)	(95,629)
Increase in amounts due to customers at amortised cost and related hedged asset		546,293	139,599
Increase in prepayments and related hedged liability		(174)	(352)
Increase in trade and other payables		10,052	1,595
Decrease in loans to customers at fair value		-	3,764
Decrease in amounts due to customers at fair value		(71)	(754)
Decrease / (increase) in derivative assets and liabilities		(1,523)	(718)
Increase in provisions for liabilities		1	3
Increase in amounts due from credit institutions	9	(2,799)	(1,326)
Increase / (decrease) in amounts due to credit institutions	9	119	(8,354)
		149,364	14,080
Tax paid		(1,268)	(899)
Tax refunds		78	634
Interest received		74,174	65,796
Interest paid (excluding interest on lease liabilities)		(62,443)	(48,150)
Interest paid on lease liabilities		(59)	(14)
Net cash generated from operating activities		159,846	31,447



Consolidated and Company statement of cash flows

For the year ended 30 September 2025 - continued

	Notes	Group 2025 £'000	Group 2024 £'000
Cash flows from investing activities			
Purchase of intangible assets	17	(2,386)	(2,811)
Purchase of property and equipment	15	(97)	(124)
Disposal of property, plant & equipment		-	23
Purchase of debt instruments		(19,838)	(53,000)
Proceeds from sale of debts instruments		63,347	29,684
Net cash generated from / (used in) investing activities		41,026	(26,228)
Cash flows from financing activities			
Lease payment of principal		(411)	(561)
Receipts from issuance of subordinated liability	22	8,000	7,000
Net cash used in financing activities		7,589	6,439
Net increase / (decrease) in cash and cash equivalents		208,461	11,658
Cash and cash equivalents at beginning of the year		121,371	109,713
Cash and cash equivalents at end of the year	8	329,832	121,371

The amount of undrawn borrowing facilities that may be available in the future for operating activities and settling capital commitments is £nil (2024: £nil). The Company did not have cash balances in the current and prior year and consequently no cash flow statement for the Company is presented. The Company's issuance of subordinated liability and receipt of debt instruments were non-cash transactions.

Notes on pages 93 to 160 are an integral part of these financial statements.

Notes to the consolidated financial statements

For the year ended 30 September 2025

1. Corporate information

Castle Trust Holdings Limited was incorporated on 16 August 2019 to act as a holding company of the CTC group. It is domiciled in the UK and registered in England and Wales as a private company limited by shares. The consolidated financial statements for the year ended 30 September 2025 were authorised for issue in accordance with a resolution of directors on 11 December 2025.

2. Accounting policies

2.1 Basis of preparation

The Group's statutory consolidated financial statements for the year ended 30 September 2025 and the Company's statutory financial statements for the year ended 30 September 2025 have been prepared in accordance with United Kingdom adopted international accounting standards in conformity with the requirements of the Companies Act 2006. The Group has consistently applied the same accounting policies as at 30 September 2025 as in the prior year.

The consolidated financial statements comprise the financial statements of the Group and the subsidiaries that it controls as at 30 September 2025.

These consolidated financial statements have been prepared on a historical cost basis, except for financial assets and liabilities that are measured at fair value. The consolidated financial statements are presented in sterling which is also the Group and the Company's functional currency and all values are rounded to the nearest one thousand pounds (£'000) except where otherwise indicated.

2.2 Going Concern

The consolidated financial statements of Castle Trust have been prepared on a going concern basis. In assessing whether the going concern assumption remains appropriate for the Group, the directors have focussed on the liquidity and funding position for the next 12 months.

The Group is adequately capitalised with total equity of £126.8 million, total assets of £1,666.2 million and liquidity of £350.1 million.

The Group undertakes an annual planning round which assesses the Group's profitability, capital and liquidity position over a 5 year time horizon. As part of the going concern assessment, stress scenarios are applied to the base case financial plan, the outcomes of which determine whether the group remain a going concern under these scenarios over the assessment period.

The stress scenarios applied incorporate the following assumptions:

- Profitability and Capital Stress – Severe but plausible market and idiosyncratic scenarios have been run where the Group's profitability and regulatory capital position is assessed under stress.
- The severe market stress is derived from the Annual Cyclical Stress ("ACS") as prescribed by the Bank of England. This results in increased cost of funding, higher impairment charges and a significant reduction in business volumes. A further interest rate rise assumption was overlaid to the market stress along with plausible idiosyncratic one-off losses.

- Liquidity stress – cashflow factors modified to reflect a market, idiosyncratic and combined set of scenarios which places pressures on the net cashflow position of the Group.

To each of these stress scenarios, management actions were considered to assess the Group's response. These actions included:

- Tightening of risk appetite in response to worsening credit environment.
- Reduction in origination targets to reduce Risk Weighted Assets
- Flexible pricing on deposit products to respond to liquidity needs.
- Tighter cost control in line with reduced revenue to maintain profitability.

Furthermore, a reverse stress scenario was performed that considers similar risk drivers in more severe but less plausible scenarios, which if unmitigated would render the business model unviable. The directors consider the possibility of this outcome to be remote and have identified mitigation that would be adopted in such circumstances.

The ability of the Group to attract new savings customers is continuously assessed, together with sensitivity analysis on potential changes in the interest rate offered on new fixed term deposits which may occur as a result of changes in the macro economic environment and alternative rates available in the market. The Group continues to diversify its sources of funding through offering of its deposit products through financial intermediaries and will be seeking to access to the Bank of England's Sterling Monetary Framework in the future.

The directors have also considered the following as part of the going concern assessment:

- Risk management policies and how the Group is placed to manage business risks.
- The overall regulatory risk of the business including the risks associated with the current business model, potential exposure to conduct risk and the impact of changes in the regulatory landscape.
- The control environment of the Group in assessing the likelihood of operational failures.

The directors are satisfied that the Group has the resources to continue in business for the foreseeable future and meet its liabilities as they fall due in the next 12 months. Furthermore, the directors are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern.

2.3 Basis of consolidation

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control.

To support this presumption, and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangements with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights



The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.4 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Group's accounting policies, management has made the following judgements and key assumptions concerning the future, as well as other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements:

(i) Impairment losses on loans to customers

The Group uses internal models in estimating Expected Credit Loss ("ECL"). Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

Judgement is also required in:

- Determining the appropriate segmentation of the Group's portfolio so that the appropriate model is used and the assumptions used in that model have been derived from historic data that is representative of the current portfolio in the current economic climate.
- Identifying which stage a loan is in (for example by determining what constitutes a significant deterioration in



credit quality) and the criteria for movement between the stages. Please also see Note 24 for further details surrounding methodology.

Where there is little prospect of a recovery being made for a Stage 3 financial asset, the impairment provision is utilised and the carrying value of the loan is then directly reduced. The impairment loss on loans to customers is disclosed in more detail in Note 12.

(ii) Effective Interest Rate (EIR) method

The EIR methodology recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of relevant financial instruments and recognises the effect of potentially different interest rates charged at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This procedure, by its nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments.

(iii) Consideration of climate change

Financial statements preparation includes the consideration of the impact of climate change on the Group's financial statements. There has been no material impact identified on the financial reporting judgement and estimates. In particular, the directors considered the impact of climate change in respect of the:

- Going concern of the Group for a period of at least 12 months from the date of approval of the financial statements.
- Assessment of impairment of non-financial assets.
- Carrying value and useful economic lives of property, plant and equipment.
- Fair value of financial assets and liabilities. These are generally based on market indicators which include the market's assessment of climate risk.
- Economic scenarios used for measurement of expected credit losses and the behavioural lifetime of assets against the expected time horizons of when climate risks may materialise.
- Forecasting of the Group's future UK taxable profits, which impacts deferred tax recognition.

Whilst there is currently no material short-term impact of climate change expected, the Group acknowledges the long-term nature of climate risk and continues to monitor and assess climate risks highlighted in the risk management section on page 38.

Key sources of estimation uncertainty

The following are key estimations that the directors have used in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements:

(i) Impairment losses on loans to customers

Internal models are used to determine expected Credit Losses ("ECLs") Probability of Default ("PD"), Loss Given Default ("LGD"), Exposure at Default ("EAD") and forecast economic scenarios.

Key estimates underpinning the models when determining Expected Credit Losses ("ECLs") are explained below:

- **Mortgage Stage 1 and Stage 2 LGD** – the Group uses a number of models to assess the likelihood of a recovery from default and the resulting proceeds from following that recovery. Key estimates for mortgage Stage 1 and Stage 2 accounts are the Cure Rate (the likelihood of a defaulted account resuming payments), the Valuation Haircut (the discount applied to the valuation as a result of a forced sale) and the Time to Sell (the time taken for any collateral of a defaulted mortgage to be sold).
- **Mortgage Stage 3 LGD** – For mortgage accounts which are in default, a collective model operates where key



parameters are assessed based on historic performance of the defaulted assets. In certain large or complex cases, the defaulted loan may not be suitable for the collective model and an individual assessment is made of future recoverability. Key estimates for the stage 3 model and individual assessments are the Collateral Valuation, the Valuation Haircut and the Time to Sell.

- **OMNI LGD** – For Omni accounts, the key estimate used in the calculation of the LGD is the Cure Rate (the likelihood of a defaulted account resuming payments).
- **Mortgage and Omni PDs** – the Group uses an economic scenarios model when determining the forward-looking assumptions to be used in different economic scenarios and the weighting of the likelihood of those scenarios. The development of this model requires estimates when assessing the correlations between macroeconomic scenarios and economic inputs (such as unemployment levels and collateral values) and the effect on PDs

For sensitivity analysis, see note 24.1.8.

(ii) Effective Interest Rate (EIR) method

A heightened area of focus in the banking industry over the last year has been the behaviour of mortgage customers who are on limited term fixed rate products which then revert onto a bank's standard variable rate ("SVR"). The increase in UK base rates has seen mortgage rates rise significantly across the industry over the year and the Group, like other banks have been enhancing the monitoring of customer behaviour in this environment and assessing the impact to amortised cost balances of related behavioural changes.

In calculating the Amortised cost and related EIR for mortgages, a conditional prepayment rate ("CPR"), being a loan prepayment rate equivalent to the proportion of a loan's principal that is assumed to be paid off ahead of time in each period, is estimated. The calculation of this estimate is based on several factors, such as historical prepayment rates for previous loans and future economic outlooks. For the legacy Interest Roll-up and House Price Index mortgages, the current calculation uses a 3-year product time window to assess the most appropriate rate to apply. A separate CPR curve is applied to the first charge serviced 'Term Ten' mortgage book, where the greatest sensitivity relates to the early repayment assumptions and the proportion of loans reverting onto the SVR at the end of the fixed rate reversionary period.

Term Ten mortgages are the Bank's principal 1st charge serviced mortgage product available to buy to let customers. The product will typically have a 5 year fixed interest rate term followed by a 5 year term on the SVR. A repayment by the customer in advance of the end of the fixed interest term will attract an early repayment charge ("ERC"). The CPR model for the Term Ten products uses historical data to estimate the repayment profile of customers and therefore the expected early repayment charges and SVR interest earned over the life of the product. This data is then used to calculate the related effective interest rate at origination. Periodically, the Group will update the CPR curves using the latest data available, the impact of which can result in movements to the amortised cost balance of loans as future cash flow assumptions change.

As at 30 September 2025, Term Ten mortgages had a total gross loan balance of £761.4m. This makes up 70.4% of the total Property loan book at year end. Sensitivities of the amortised cost balance of the CPR outcomes for Term Ten mortgages are detailed in Note 12.

(iii) Fair value measurement of financial assets and liabilities

The Group measures certain financial instruments at fair value through profit or loss. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a



liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Where the fair values of financial assets and financial liabilities cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from some observable market data but some judgement is required to establish fair values.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Fair value related disclosures for financial instruments that are measured at fair value or amortised cost are disclosed in Note 23. In estimating the fair value of a financial asset or a liability, the Group uses market-observable data to the extent it is available. Where such Level 1 inputs are not available the Group uses valuation models to determine the fair value of its financial instruments.

Estimates include considerations such as liquidity, discount rates and early redemption assumptions.

Structured deposit liabilities / Housas at fair value are measured using various estimates, principally the movement in the house price index ("HPI") and a house price risk premium. They are classified as level 3 in the fair value hierarchy.

2.5 Significant accounting policies

2.5.1 Interest and similar income

2.5.1.1 Interest and similar income calculated using EIR

The Group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Group calculates interest income by applying the EIR to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

If expectations are revised, the carrying amount of the asset is adjusted with an associated increase or reduction recorded in interest income. The adjustment is subsequently amortised through interest and similar income in the statement of comprehensive income.

For acquired loan books the EIR calculated at acquisition is not changed for subsequent variances in actual to expected cash flows. The Group monitors the actual cash flows for each acquired book and where they diverge significantly from expectation, the future cash flows are reset. In assessing whether to adjust future cash flows on an acquired portfolio, the Group considers the cash variance on an absolute basis. Where cash flows for an acquired portfolio are reset, they are discounted at the EIR to derive a new carrying value, with changes taken to profit or loss as interest income.



2.5.1.2 Other interest and similar income

Interest income and expense on financial assets and financial liabilities at fair value through profit or loss are presented in the statement of comprehensive income within other interest and similar income, and interest and similar expense, respectively (except for one product named Partnership Mortgages). Interest income and expense is calculated based on similar principles to the EIR basis. Partnership Mortgages differ from the other products in that none of the Partnership Mortgages have a minimum repayment amount or fixed interest rate, and are potentially subject to greater variability given the Group is obliged to make payments to the customer in the event of a fall in valuation of the underlying property, in certain cases.

2.5.2 Fees and commission income and expense

Fee and commission income and expense include fees other than those that are an integral part of EIR. Fee and commission income and expense relate to bank charges, processing costs, pre-completion solicitor's fees, valuation fees, title insurance fees and late payment fees relating to mortgages and consumer loans.

Fee and commission expenses with regards to services are accounted for as the services are received.

The Group accounts for fees received for mortgage origination activities and mortgage administration services in accordance with IFRS 15 (Revenue from Contracts with Customers) as they do not qualify as being integral to the loan and captured under EIR. Income is therefore recognised in Fees and Commission when the service is provided, and not as an adjustment to EIR within interest income.

2.5.3 Financial assets and liabilities

2.5.3.1 Initial recognition

Financial assets and liabilities, with the exception of loans to customers, are initially recognised on the trade date, i.e. the date that the Group becomes a party to the contractual provisions of the instrument. Loans to customers are recognised when funds are transferred to the customers' accounts.

Financial assets and liabilities are initially measured at their fair value and transaction costs are added to, or subtracted from, this amount, except in the case of financial assets and financial liabilities recorded at Fair Value through Profit or Loss ("FVPL"), where transaction costs are expensed.

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instrument as set out below.

2.5.3.2 Subsequent measurement of financial assets and liabilities

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either amortised cost, fair value through profit or loss ("FVPL") or fair value through other comprehensive income ("FVOCI").

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or at FVPL (when they are held for trading, derivative instruments or the fair value designation is applied).

Debt instruments, loans and advances to credit institutions, loans to customers and trade and other receivables

The Group only measures financial instruments at amortised cost if both of the following conditions are met:

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



The details of these conditions are outlined below. The Group classifies the following financial assets at amortised cost:

- Loans and advances to credit institutions;
- Loans to customers (for those not accounted for at FVPL as set out below)
- Debt instruments; and
- Trade and other receivables.

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective (not on an instrument-by-instrument basis) and is based on observable factors such as:

- How the performance of the business model and the financial assets held are evaluated and reported to key management personnel;
- The risks that affect the performance of the business model and the financial assets held and, in particular, the way those risks are managed;
- How managers of the business are compensated; and
- The expected frequency, value and timing of sales.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Group's financial assets. During the current financial year and previous accounting period there was no change in the business model under which the Group holds financial assets and therefore no reclassifications were made.

The Solely Payments of Principal and Interest ("SPPI") test

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

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as early repayment features.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

After initial measurement, these are measured at amortised cost using the EIR methodology, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and



fees and costs that are an integral part of the EIR. The EIR amortisation is included in interest and similar income calculated using EIR in the statement of total comprehensive income.

Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities classified in this category include those that have been designated upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9 as further described below. The Group has only designated an instrument at fair value through profit or loss upon initial recognition when the designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis.

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss.

Amounts due to customers at fair value through profit and loss

- These comprised liabilities to redeemable preference (“Foundation Housas” and “Growth Housas”) shareholders and loan note (“Income Housas”) holders. In the prior year, the Housas were modified by Schemes of Arrangement and became structured deposits, remaining in this classification.

Historically, loans to customers at fair value through profit or loss included house price linked products: Partnership Mortgages (“PMs”), Index Profit Share mortgages (“IPS”) and Buy-to-let equity loans (“BTLEL”).

- PMs were only available to owner occupiers with a term of c15 years and more. The repayment amount incorporated a profit/loss share based on any change in the value of the individual’s mortgaged property.
- BTLELs were available to buy-to-let investors only with a term of up to 10 years. The repayment amount incorporated a profit share based on any change in the value of the individual’s mortgaged property.
- IPS mortgages were available to buy-to-let investors and owner occupiers (who are exempt from the Consumer Credit Act (“CCA”) (via the high net worth / business exemption tests)) with a term of typically 5 years. The original amount of the loan is repayable at redemption plus a deferred interest component (typically 5% pa where applicable) plus typically one times the increase in value of the national Halifax House Price Index (“HHPI”), if the property has increased in value, or the minimum repayment amount (typically 3.5% pa), whichever is greater.

In 2019, the embedded house price derivatives of all the mortgages designated at fair value through profit or loss were sold to CTC Holdings (Cayman) Limited except for two mortgages which were not sold. Both of these loans have redeemed and there are currently no loans designated at fair value.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. The Group classifies the following financial liabilities at amortised cost:

- Trade and other payables
- Amounts due to customers
- Contingent liabilities

These comprise fixed rate customer deposits and, formerly, fixed rate Fortress Bonds liabilities.

After initial measurement, financial liabilities at amortised cost are subsequently measured at amortised cost using the EIR methodology. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR. A compound financial instrument which contains both a liability and an equity component is separated at the issue date. The EIR amortisation is included in interest and similar expense in the statement of comprehensive income.



2.5.3.3 *Derecognition*

Derecognition due to substantial modification of terms and conditions

The Group derecognises a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. Please see Note 12. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be Purchased or Credit Impaired ("POCI").

When assessing whether or not to derecognise a financial asset, amongst others, the Group considers the following factors: introduction of an equity feature; change in counterparty and if the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

Derecognition other than for substantial modification

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Group has transferred the financial asset if, and only if, either:

- The Group has transferred its contractual rights to receive cash flows from the financial asset; or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement

Pass-through arrangements are transactions whereby the Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates;
- The Group cannot sell or pledge the original asset other than as security to the eventual recipients; and
- The Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay.

In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Group has transferred substantially all the risks and rewards of the asset; or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Group considers control to be transferred if, and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the



associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Group would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of comprehensive income.

2.5.4 Derivative Financial Instruments

In accordance with the Group's risk management strategy, interest rate swaps are used to hedge Group's interest rate exposure. On adoption of IFRS 9 – Financial Instruments the Group chose to continue applying the hedge accounting rules set out in IAS 39 – Financial Instruments: Recognition and Measurement as it's allowed under the former and in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"). In addition, the Group also adopted the carve out for IAS 39 ("carve-out") as dynamic portfolio hedge accounting of interest rate risk is employed across fixed rate financial assets and liabilities.

The Group measures derivative financial instruments at fair value through profit or loss. These are measured both initially and subsequently at fair value with movements in fair value recorded in the statement of comprehensive income. Any costs that are directly attributable to their acquisition are recognised in profit or loss when incurred.

The Group analyses cashflows from each portfolio into repricing time periods based on expected maturity profile with assumptions made for expected prepayments. Using this analysis, the Group designates as a hedged item an amount of the assets from each portfolio that it wishes to hedge.

Where the Group is using interest rate swaps to hedge the changes in fair value attributable to benchmark interest rate risk of a recognised group of assets or liabilities that could affect profit and loss, macro fair value hedging is applied. If there is an effective hedge relationship, the hedged item (such as fixed rate assets or fixed rate liabilities) is adjusted for fair value changes in respect of the hedged risk. These fair value changes are recognised in the Profit and loss together with the fair value movements on the hedging instrument (the interest rate swaps).

2.5.5 Hedge accounting

Hedge accounting is discontinued when a hedge ceases to be highly effective, a derivative expires or is sold, the underlying hedged item matures or is repaid, periodically if a new underlying hedged item or hedging instrument is added to the hedge relationship or when the Group makes a decision to voluntarily discontinue the hedge relationship. Where a fair value hedge is de-designated (either due to becoming ineffective or as part of the Company's approach to hedge accounting) any fair value hedge adjustments accrued to that point are amortised over the remaining life of the hedged item on a straight-line basis.

At the inception of every hedge, hedge documentation will be produced identifying the hedged risk, hedged item and hedging instrument. This documentation would set out the methodology used for testing hedge effectiveness.



Hedge effectiveness is determined by using a regression analysis to assess whether the hedging instrument is expected to be and has been highly effective in offsetting changes in the fair value of the hedged item.

On a monthly basis the Group measures the movements in fair value of the portfolio relating to the interest rate risk that is being hedged. Where the hedge is deemed to be highly effective, the change in fair value of the hedged item for the hedged risk is recognised in the profit and loss with the cumulative movement in their value being shown on the statement of financial position as a separate line item, 'Fair value adjustment for portfolio hedged risk' either within assets or liabilities.

The Group measures the fair value of the hedging instruments monthly. The value of these instruments is included in derivatives held for risk management in either assets or liabilities, with a change in value recorded in net gains/(loss) from derivatives and other financial instruments at fair value through profit or loss. Any hedge ineffectiveness is recognised in net gains/(loss) from derivatives and other financial instruments at fair value through profit or loss.

In accordance with its risk management strategy, the Group enters into interest rate swap contracts. The key product offerings of the Group have a natural offset, with fixed rate assets being naturally funded by the fixed rate liabilities. To the extent the size and expected maturity/repricing of these portfolios offset, there is minimal exposure to interest rate risk.

However, where the two portfolios do not offset, the Group is exposed to interest rate risk – including exposure to fluctuations in interest rate risk in both the fixed rate liabilities and the fixed rate assets portfolios and therefore uses interest rate swaps to manage the interest rate mismatch as follows:

- using pay fix, receive SONIA interest rate swaps to convert the fixed rate receipts arising from fixed rate assets into variable cash flows; and/or

The Group applies hedge accounting in respect of the interest rate risk arising on these portfolios.

The hedge relationship is assessed and documented, before being designated as described in the Derivative Financial Instruments accounting policy above. The Group then assesses prospective hedge effectiveness by comparing the changes in fair value of each portfolio resulting from changes in market interest rates with the change in fair value of allocated interest rate swaps used to hedge the exposure.

Ineffectiveness can occur due to several potential sources, such as:

- derivative with non-zero FV (at the date of designation) designated in a hedge relationship.
- mismatches between contractual terms of hedged item and IRS – e.g. basis, timing, principal and notional; or
- change in credit risk of IRS.

Gains and losses on hedged items and hedge instruments are recognised in "realised / unrealised loss on financial instruments at fair value through profit or loss" line in the consolidated statement of comprehensive income.

2.5.6 Impairment of financial assets

Financial Instruments

The Group records the allowance for expected credit losses for all financial assets, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

Overview of the ECL principles

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss "12m ECL". The Group's policies for determining if there has been a significant increase in credit risk are set out in Note 24.1.



The 12m ECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12m ECLs are calculated on an individual basis.

The Group has established a policy to perform an assessment, half-yearly, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Group groups its loans into Stage 1, Stage 2 and Stage 3, as described below:

- **Stage 1:** When loans are first recognised, the Group recognises an allowance based on 12m ECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- **Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- **Stage 3:** Loans considered credit-impaired (as outlined in Note 24), the Group records an allowance for the LTECLs.

Further details on staging can be found in Note 24.1.4.

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

The calculation of ECLs

The Group calculates ECLs based on five probability-weighted scenarios to measure the expected cash shortfalls, discounted at the EIR. A cash shortfall is the difference between the cash flows that are due in accordance with the contract and the cash flows that are expected to be received.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- **PD:** The Probability of Default is an estimate of the likelihood of default over a 12 month period then extrapolated over the life of each loan.
- **EAD:** The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- **LGD:** The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that are expected to be received, including from the realisation of any collateral.
- **Loan commitments:** When estimating LTECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the five scenarios. The expected cash shortfalls are discounted at the EIR of the loan.

When estimating the ECLs, the Group considers five scenarios (a base case, a mild upside, an upside, a downside and a severe downside). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Group has the legal right to call it earlier.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value. Provisions for ECLs for undrawn loan commitments are assessed as part of the ECL calculation.



Forward looking information

In its ECL models, the Group uses the following forward-looking information as economic inputs:

- Unemployment rates;
- Central Bank base rates; and
- House price index.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are material.

Collateral valuation

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as guarantees, real estate, receivables, inventories and other non-financial assets. Collateral, unless repossessed, is not recorded on the Group's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and at default with values modelled through the lifetime of the loan.

To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, or based on housing price indices.

Write-offs

Financial assets are written off either partially or in their entirety when all reasonable legal avenues of recovery have been exhausted and there is no expectation of any future recovery. There are no financial assets written off still subject to enforcement activity. 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.

Forborne and modified loans

The Group sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If modifications are substantial, the loan is derecognised, as explained above.

When the loan has been renegotiated or modified but not derecognised, the Group also reassesses whether there has been a significant increase in credit risk. The Group also considers whether the assets should be classified as Stage 3. Once an asset has been classified as forborne, it will remain forborne for a minimum 1 year probation period. In order for the loan to be reclassified out of the forborne category, the customer has to meet all of the following criteria:

- All of its facilities have to be considered performing;
- The probation period of one year has passed from the date the forborne contract was considered performing; and
- Regular payments of more than an insignificant amount of principal or interest have been made during the probation period.

Details of forborne assets are disclosed in Note 24.



2.5.7 Impairment of financial assets other than financial instruments

IFRS 9 allows a simplified approach to assess impairment of trade receivables, contract assets and lease receivables. The simplified approach allows lifetime expected losses on trade receivables, contract assets and lease receivables to be recognised without the need to identify significant increases in credit risk. The Group has adopted this simplified approach in its assessment of impairment of other such financial assets by determining the appropriate grouping of receivables by product type and rating, determining the period over which historical loss rates are appropriate and then determining the historical loss rates based on the forward looking macro-economic factors identified for the Group. The Group also determined the appropriate PD estimate for trade receivables, contract assets and lease receivables by reference to publicly available credit ratings, the Loss Given Default by comparison with other similar exposures without eligible collateral and the Exposure at Default by using the outstanding balance at the reporting date.

2.5.8 Cash and cash equivalents

Cash and cash equivalents comprise cash and highly liquid financial assets with original maturities of less than three months from the date of acquisition subject to an insignificant risk of changes in their fair value.

2.5.9 Business combinations and goodwill

Business combinations are accounted for using the acquisition method of accounting. This involves recognising identifiable assets (including previously unrecognised intangible assets) and liabilities (including contingent liabilities but excluding future restructuring) of the acquired business at fair value. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the fair values of the identifiable net assets acquired, the discount on acquisition is recognised directly in the income statement in the year of acquisition.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to a cash generating unit. Each unit to which the goodwill is allocated represents the lowest level within the Group at which goodwill is monitored for internal management purposes, and is not larger than an operating segment in accordance with IFRS 8 Operating Segments.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

2.5.10 Property and equipment and right-of-use assets

Property and equipment is stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives. The estimated useful lives are as follows:

- Office and computer equipment: 3 years
- Leasehold improvements: Over the term of the lease
- Right of use assets: Over the term of the lease

Property and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other operating income in the statement of comprehensive income in the year the asset is derecognised.

Right-of-use assets are presented as described in Note 2.5.13.



2.5.11 Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group.

Internally developed

In some instances, the Group develops its own operational systems, primarily a suite of systems that allow the Group to operate, record and value its products. These systems are developed in separate releases. The cost of each release can be measured reliably and the future economic benefits can be assessed as certain to flow to the Group.

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the requirements of IAS 38 are met.

In some instances, a number of technical releases are required before the system can be said to achieve the requirements of IAS 38 Intangible Assets, in which case, the related expenses are capitalised as development costs as long as the technical and operational feasibility of the asset has been established. Once the resultant system(s) meets the definition as such under IAS 38, the assets are transferred into the computer software category of intangible assets.

The estimated useful lives are as follows:

- Internally developed software: 3 to 5 years

Amortisation of the asset begins when development is complete and the asset is available for use.

The Group assesses at the end of each reporting period whether there is any indication that an intangible asset may be impaired via external and internal sources of information.

Each asset, or related group of assets, is assessed as to its expected useful life and the expected pattern of benefits to the Group over that period. Each asset is amortised on a systematic (straight line) basis and the amortisation share is recorded in depreciation and amortisation. Research and development costs are not amortised until the resultant system has met the criteria of a computer system and has been transferred into that category.

2.5.12 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, 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. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement. A contingent liability is disclosed where this is not probable but more likely than remote.

2.5.13 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group does not act as a lessor.

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less and accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less and lease incentives received. Right-of-use assets are depreciated in a straight-line basis over the lease term.



The right-of-use assets are presented within Note 15 Property and equipment and right-of-use assets and are subject to impairment in line with the Group's policy as described in Note 2.5.7 Impairment of non-financial assets.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific adjustments (such as the subsidiary's stand-alone credit rating, or to reflect the terms and conditions of the lease).

For short-term leases or leases for which the underlying asset is of low value, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

The average lease term is 5.8 years.

2.5.14 Taxes

Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit and loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss



The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that the future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes related to the same taxable entity and the same taxation authority.

See Note 7 for further description of the current status of deferred tax assets.

2.5.15 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income.

Both internal and external sources of information have been used to assess impairment. As a result of the continued uncertainty as to recoverable amounts in the light of the pandemic, the Group continues to monitor the impairment of non-financial assets closely.

2.5.16 Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised in staff costs, together with a corresponding increase in equity (retained earnings), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of shares that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of shares that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service



conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

2.6 New and amended standards and interpretations

Several amendments and interpretations are effective for the current year, but do not have a material impact on the Group's consolidated financial statements.

2.7 Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements do not affect the Group. The Group does not intend to adopt these standards early, so they will be adopted in the relevant year of mandatory adoption. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

In May 2024, the International Accounting Standards Board (IASB) issued Amendments to the classification and Measurement of Financial Instruments which amended IFRS 9 and IFRS 7.

The requirements will be effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted, and are related to:

- Settling financial liabilities using electronic payments system; and
- Assessing contractual cash flow characteristics of financial assets, including those with sustainability-linked features.

The Group is in the process of assessing the impact of the new amendments.

IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Group's statement of profit or loss, the statement of cash flows and the additional disclosure required for MPMs. The Group is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as 'other'.



IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements.

A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

An entity is only permitted to apply IFRS 19 if, at the end of the reporting period:

- it is a subsidiary (this includes an intermediate parent)
- it does not have public accountability, and
- its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

A subsidiary has public accountability if:

- its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets), or
- it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses (for example, banks, credit unions, insurance entities, securities brokers/dealers, mutual funds and investment banks often meet this second criterion).

Eligible entities can apply IFRS 19 in their consolidated, separate or individual financial statements. An eligible intermediate parent that does not apply IFRS 19 in its consolidated financial statement may do so in its separate financial statements (these are presented in addition to consolidated financial statements or in addition to the financial statements of an investor that does not have investments in subsidiaries but has investments in associates or joint ventures in which the investments in associates or joint ventures are required by IAS 28 to be accounted for using the equity method).

If an entity elects to apply IFRS 19 for a reporting period earlier than the reporting period in which it first applies IFRS 18, it is required to apply a modified set of disclosure requirements set out in an appendix to IFRS 19. If an entity elects to apply IFRS 19 for an annual reporting period before it applied the amendments to IAS 21, it is not required to apply the disclosure requirements in IFRS 19 with regard to Lack of Exchangeability.

The directors of the Group do not anticipate that IFRS 19 will be applied for purposes of the consolidated financial statements of the group.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.



The effective date of the amendments has yet to be set by the IASB. The directors of the Group anticipate that the application of these amendments may have an impact on the group's consolidated financial statements in future periods should such transactions arise.

Annual Improvements to IFRS Accounting Standards - Volume 11

These amendments issued by the IASB in July 2024 include clarifications, simplifications, corrections and changes in the following areas:

- hedge accounting by a first-time adopter (IFRS 1)
- gain or loss on derecognition (IFRS 7)
- disclosure of deferred difference between fair value and transaction price (IFRS 7)
- introduction and credit risk disclosures (IFRS 7)
- lessee derecognition of lease liabilities (IFRS 9)
- transaction price (IFRS 9)
- determination of a 'de facto agent' (IFRS 10)
- cost method (IAS 7).

The directors of the Group anticipate that the application of these amendments will not have an impact on the group's consolidated financial statements in future periods.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.

The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

An entity assesses whether a currency is exchangeable into another currency at a measurement date and for a specified purpose. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency.

The assessment of whether a currency is exchangeable into another currency depends on an entity's ability to obtain the other currency and not on its intention or decision to do so.

When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

The amendments do not specify how an entity estimates the spot exchange rate to meet that objective. An entity can use an observable exchange rate without adjustment or another estimation technique. Examples of an observable exchange rate include:

- a spot exchange rate for a purpose other than that for which an entity assesses exchangeability
- the first exchange rate at which an entity is able to obtain the other currency for the specified purpose after exchangeability of the currency is restored (first subsequent exchange rate).

An entity using another estimation technique may use any observable exchange rate—including rates from exchange transactions in markets or exchange mechanisms that do not create enforceable rights and obligations—and adjust that rate, as necessary, to meet the objective as set out above.



When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, the entity is required to disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments also add a new appendix as an integral part of IAS 21. The appendix includes application guidance on the requirements introduced by the amendments. The amendments also add new Illustrative Examples accompanying IAS 21, which illustrate how an entity might apply some of the requirements in hypothetical situations based on the limited facts presented.

In addition, the IASB made consequential amendments to IFRS 1 to align with and refer to the revised IAS 21 for assessing exchangeability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. An entity is not permitted to apply the amendments retrospectively.

Instead, an entity is required to apply the specific transition provisions included in the amendments.

The directors of the Group do not anticipate that the application of these amendments will have an impact on the group's consolidated financial statements in future periods.

New or amended standard or interpretation	Effective date – for annual periods beginning on or after
Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	1 January 2026
IFRS 18 Presentation and Disclosures in Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures	Effective date has been temporarily removed by the IASB.
Annual improvements to IFRS Accounting Standards (Volume 11)	1 January 2026
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates	1 January 2025



3. Interest and similar income

The following table summarises the components of interest and similar income:

	Group 2025 £'000	Group 2024 £'000	Company 2025 £'000	Company 2024 £'000
Interest and similar income calculated using EIR				
On financial assets at amortised cost				
Loans to customers				
- Property Loans	63,416	44,932	-	-
- Wholesale Loans	1,487	1,325	-	-
- Consumer Loans	24,504	27,191	-	-
Debt instruments	2,018	1,622	1,093	759
Interest on Bank of England Reserve account	10,497	6,501	-	-
Amounts due from credit institutions	453	361	-	-
Total interest and similar income on financial assets at amortised cost	102,375	81,932	1,093	759
On financial assets held at fair value				
Interest rate swaps	2,228	2,190	-	-
Total interest and similar income on derivative financial instruments	2,228	2,190	-	-
Total interest and similar income	104,603	84,122	1,093	759

4. Interest and similar expense

The following table summarises the components of interest and similar expense:

	Group 2025 £'000	Group 2024 £'000	Company 2025 £'000	Company 2024 £'000
Interest and similar expense calculated on financial liabilities at amortised cost				
Interest on customer deposits	51,716	38,266	-	-
Interest expense on leases	59	14	-	-
Interest expense on subordinated liabilities	1,093	759	1,093	759
Total interest expense on financial liabilities at amortised cost	52,868	39,039	1,093	759
Interest and similar expense calculated on financial liabilities designated at fair value				
Interest expense on financial liabilities at fair value through profit or loss: Housas	5	57	-	-
Total interest expense on financial liabilities designated at fair value	5	57	-	-
Interest and similar expense calculated on derivative financial instruments				
Interest expense on interest rate swaps	1,075	184	-	-
Total interest expense on derivative financial instruments	1,075	184	-	-
Total interest and similar expense	53,948	39,280	1,093	759



5. Realised and unrealised gain / (loss) on financial instruments at fair value through profit or loss

The following tables summarise the components of realised and unrealised gains and losses:

5.1 Realised losses

	Group 2025 £'000	Group 2024 £'000
Net realised loss on financial liabilities designated at fair value through profit or loss	(27)	(362)
Net realised loss on financial assets designated at fair value through profit or loss	-	(319)
Net realised loss on financial instruments at fair value through profit or loss	(27)	(681)

5.2 Unrealised losses

	Group 2025 £'000	Group 2024 £'000
Net unrealised loss on financial assets designated at fair value through profit or loss	-	-
Net unrealised gain on financial liabilities designated at fair value through profit or loss	31	311
Net unrealised loss on derivatives at fair value through profit or loss	(1,256)	(1,192)
Net unrealised loss on financial instruments at fair value through profit or loss	(1,225)	(881)
Total realised / unrealised losses on financial instruments at fair value through profit or loss	(1,252)	(1,562)

Analysis of (loss)/gain on derivatives at fair value

	2025 £'000	2024 £'000
Hedged assets		
Net loss on derivatives designated at fair value hedges	1,079	(6,764)
Fair value adjustments from hedge accounting	(1,578)	6,585
Ineffectiveness of fair value hedges	(499)	(179)
Amortisation of cumulative clean fair value	(408)	(874)
Movements on other derivative financial instruments	(232)	(38)
Fair value loss on hedged assets	(1,139)	(1,091)
	2025 £'000	2024 £'000
Hedged liabilities		
Net loss on derivatives designated at fair value hedges	(82)	550
Fair value adjustments from hedge accounting	58	(781)
Ineffectiveness of fair value hedges	(24)	(231)
Amortisation of cumulative clean fair value	(6)	214
Movements on other derivative financial instruments	(87)	(84)
Fair value loss on hedged liabilities	(117)	(101)
Fair value loss on derivatives at fair value through profit or loss	(1,256)	(1,192)

Gains and losses for financial liabilities relate to fair value movements on the structured deposits.



6. Administrative expenses

The following tables summarise the components of staff and other administrative expenses:

Staff expenses	Group 2025 £'000	Group 2024 £'000
Wages and salaries	15,324	14,952
Social security costs	1,583	1,477
Company contributions to defined contribution pension plan	635	627
Other personnel costs	513	529
Total staff expenses	18,055	17,585
Other operating expenses	2025 £'000	2024 £'000
Advertising and marketing	351	306
Professional fees	2,218	2,078
Non-recoverable VAT expense	1,524	1,407
Bank charges and similar expense	511	546
Other operating expenses	4,713	3,729
Total operating expenses	9,317	8,066
Total administrative expenses	27,372	25,651

The Group operates a defined contribution pension plan for eligible employees and contributes 6% of an employee's salary.

Administrative expenses increased year on year, as the Bank continues to invest in colleagues and our operating platform as the balance sheet grows.

Included within professional fees are the costs of contractors of £116,000 (2024: £140,000).

There are no staff costs in the Company.

Included within professional fees are the following expenses related to services provided by the Group's auditors:

	2025 £'000	2024 £'000
Audit of the Company's statutory financial statements	74	70
Non-audit services:		
Audit related assurance services	66	63
Total company auditors' remuneration	140	133
Subsidiaries		
Audit of the Group subsidiaries' statutory financial statements	954	919
Non-audit services:		
Audit related assurance services of Group subsidiaries	16	15
Total Subsidiary auditors' remuneration	970	934
Total Group auditors' remuneration	1,110	1,067



6.1 Employee numbers

The following table summarises the monthly average number of people employed by the Group during the year.

	2025 Number	2024 Number
Monthly average number of people employed in:		
Legal, compliance and risk	25	25
Sales and marketing	26	26
Operations	146	148
Monthly average number of people employed during the year	197	199

There are no employees of the Company.

6.2 Key management compensation

The Company considers that directors and members of the Executive Committee of the Company meet the definition of key management. The total remuneration for Key management is paid by Castle Trust Capital plc, a direct subsidiary of the Group. The costs in relation to key management are not recharged to the Company.

The following table presents the total aggregate key management personnel's compensation for all legal entities in the Group excluding directors as director's compensation is set out separately below:

	2025 £'000	2024 £'000
Compensation of key management personnel:		
Short-term employee benefits	2,342	2,218
Post-employment benefits	80	113
Other long-term benefits	-	-
	2,422	2,331

6.3 Directors' remuneration

The directors of the Company are also directors of other group undertakings. The directors received their total remuneration from Castle Trust Capital plc, a direct subsidiary of the Company. The costs in relation to directors remuneration are not recharged to the Company.

The total aggregate director remuneration for all legal entities in the Group is as follows:

	2025 £'000	2024 £'000
Aggregate remuneration in respect of qualifying services	1,961	1,801
Highest paid director's remuneration	921	819
Company contributions to defined contribution pension plan	-	-

Included within directors' remuneration are amounts of £nil (2024: £nil) as compensation for loss of office. 2 directors are entitled to contributions to pension plans.



7. Corporation tax

The following tables set out the components of income tax and the reconciliation of the total tax charge to the tax charge that would apply if all profits had been charged at the Group's corporate tax rate for the current and prior year.

Total tax

	Group Year ended 30 September 2025	Group Year ended 30 September 2024	Company Year ended 30 September 2025	Company Year ended 30 September 2024
Profit				
<i>Analysis of tax charge on ordinary activities</i>	£'000	£'000	£'000	£'000
UK corporation tax on results for the current year	870	586	-	-
Adjustment in respect of prior years	21	(170)	-	-
Total current tax	891	416	-	-
<i>Deferred Tax</i>				
Origination and reversal of temporary differences	1,758	1,847	-	-
Changes in tax rates	-	-	-	-
Recognition of previously unrecognised deferred tax asset	-	-	-	-
Adjustment in respect of prior years	31	247	-	-
Total deferred tax	1,789	2,094	-	-
Total tax charge	2,680	2,510	-	-
Factors affecting tax charge for the current year				
Profit on ordinary activities before tax	9,400	9,095	-	-
UK corporation tax at 25%	2,350	2,274	-	-
Effects of:				
Adjustments in respect of prior years	51	77	-	-
Disallowable expenses	279	159	273	190
Income not taxable	-	-	-	-
Group relief surrendered for no payment	-	-	(273)	(190)
Impact of movements in unrecognised deferred tax	-	-	-	-
Impact of change in tax rate	-	-	-	-
Total tax charge	2,680	2,510	-	-

The following table shows the deferred tax recorded in the consolidated statement of financial position and changes recorded in corporation tax expense:



	Year ended 30 September 2025 £'000	Year ended 30 September 2024 £'000	Year ended 30 September 2025 £'000	Year ended 30 September 2024 £'000
Deferred tax				
<i>Movement on deferred taxation balance in the year</i>				
Opening asset	(8,080)	(10,174)	-	-
Recognised in profit and loss	1,789	2,094	-	-
Adjustments in respect of prior years	-	-	-	-
Closing asset	(6,291)	(8,080)	-	-
Analysis of deferred tax asset				
<u>Assets</u>				
Losses	(6,144)	(8,283)	-	-
Accounting transitional adjustments	-	(922)	-	-
Other temporary differences	(760)	(169)	-	-
Fixed assets	(121)	(145)	-	-
	(7,025)	(9,519)	-	-
<u>Liabilities</u>				
Interest rate derivatives	-	991	-	-
Other temporary differences	327	46	-	-
Fixed assets	407	402	-	-
	734	1,439	-	-
Net deferred tax asset	(6,291)	(8,080)	-	-

Group

As at 30 September 2025, the Group had trading losses of £24,575,000 (2024: £33,132,000), other deductible temporary differences of £3,038,000 (2024: £4,364,000) and decelerated capital allowances of £482,000 (2024: (£578,000)). A deferred tax asset of £6,291,000 (2024: £9,519,000) has been recognised, which is disclosed net of a deferred tax liability giving a net deferred tax asset of £6,197,000 (2024: £8,080,000). This represents full recognition of the net deferred tax asset.

Company

As at 30 September 2025, the Company had total trading losses of £nil, short timing differences of £nil and decelerated capital allowances of £nil in respect of which no deferred tax asset has been recognised.

Taxation payable is £327,000 (2024: £nil). Taxation receivable is £1,506,000 (2024: £621,000).

8. Cash and cash equivalents

Cash and cash equivalents consist of loans and advances to central banks and loans and advances to banks.

The following table sets out each component of cash and cash equivalents.

	Group 2025 £'000	Group 2024 £'000
Deposits with central banks	314,589	32,545
Deposits with other banks	15,243	88,826
Total cash and cash equivalents	329,832	121,371



Loans and advances to central banks constitute balances held with the Bank of England.

Loans and advances to banks constitute balances held with NatWest and HSBC to facilitate operating requirements.

The carrying value of loans and advances to central banks and to banks approximate to fair value. The expected credit losses on these balances are considered to be immaterial as detailed in note 24.1.

9. Amounts due to and from credit institutions

Group	2025 £'000	2024 £'000
Amounts held as cash margin	10,000	7,500
Variation margin paid	5,053	4,745
Total amounts due from credit institutions	15,053	12,254

The amount of £10,000,000 represents net margin held for interest rate swaps. This is an encumbered balance given to a credit institution against derivatives contracts. The £5,053,000 (2024: £4,754,000) represents variation margin on the swaps that has been paid.

Group	2025 £'000	2024 £'000
Variation margin received	1,733	1,614
Total amounts due to credit institutions	1,733	1,614

The £1,733,000 (2024: £1,614,000) represents variation margin on the swaps that has been received.

Amounts due to and from credit institutions are valued at amortised cost which approximates to fair value.

10. Debt instruments

	Group 2025 £'000	Group 2024 £'000	Company 2025 £'000	Company 2024 £'000
Treasury Bills and Gilts	20,301	63,810	-	-
Subordinated debt	-	-	15,759	7,632
Total debt instruments	20,301	63,810	15,759	7,632

Group's debt instruments comprise Treasury Bills and Gilts held at amortised cost. The carrying value of these balances approximates to fair value. The expected credit losses on these balances are considered to be immaterial as detailed in note 24.1.1.

The Company debt instruments are Tier 2 Fixed Rate Resetable Subordinated Bonds issued by its subsidiary Castle Trust Capital plc. These Bonds bear an interest rate of 13% and 11.5% and have maturity dates of November 2033 and July 2035.

The carrying value of debt instruments approximate to fair value.



11. Trade and other receivables

The following table sets out carrying amount of trade and other receivables:

Group	2025 £'000	2024 £'000
Trade and other receivables	1,315	980
Impairment	(70)	(66)
	1,245	914

Trade and other receivables Gross	Other trade and other receivables £'000	Retailer debtors £'000	Total £'000
Gross carrying amount as at 1 Oct 2024	739	241	980
New assets originated or purchased	482	1,189	1,671
Recoveries	-	(1,249)	(1,249)
Amounts written off	-	(87)	(87)
Total gross carrying amount at 30 September 2025	1,221	94	1,315

Trade and other receivables ECL	Other trade and other receivables £'000	Retailer debtors £'000	Total £'000
At 1 Oct 2024	-	66	66
New assets originated or purchased	-	110	110
Recoveries	-	(100)	(100)
Amounts written off	-	(6)	(6)
Total ECL amount at 30 September 2025	-	70	70

Trade and other receivables Gross	Other trade and other receivables £'000	Retailer debtors £'000	Total £'000
Gross carrying amount as at 1 Oct 2023	751	610	1,361
New assets originated or purchased	(12)	1,320	1,308
Recoveries	-	(1,310)	(1,310)
Amounts written off	-	(379)	(379)
Total gross carrying amount at 30 September 2024	739	241	980

Trade and other receivables ECL	Other trade and other receivables £'000	Retailer debtors £'000	Total £'000
At 1 Oct 2023	-	293	293
New assets originated or purchased	-	205	205
Recoveries	-	(258)	(258)
Amounts written off	-	(174)	(174)
Total ECL amount at 30 September 2024	-	66	66

Retailer debtors represent balances owed by Omni retail partners. The carrying value of these balances approximates to fair value.



The fair value of trade and other receivables approximates to the carrying value as presented in the statement of financial position as the receipt of the related cash is not more than three months from the date of the recognition of the asset and is not subject to significant credit risk.

12. Loans to customers at amortised cost

Loans to customers at amortised cost comprise property loans (Serviced and Interest Roll Up mortgages, RDF loans) and the fixed income component of all house price linked loans and consumer loans.

The current financial year has seen large debt sales of defaulted balances for consumer loans and write off's of highly impaired legacy property defaulted cases. With a high level of ECL for these loans in the prior year, this has resulted in a lower ECL balance despite the rising overall loan balance.

The following table sets out the carrying value of loans to customers by product type.

Group	Amortised Cost 30 September 2025 £'000	Gross 30 September 2025 £'000	ECL 30 September 2025 £'000
Consumer loans	194,080	203,597	(9,517)
Property loans	1,062,565	1,081,584	(19,019)
Wholesale loan	19,939	19,981	(42)
Total loans to customers at amortised cost	1,276,584	1,305,162	(28,578)

	Amortised Cost 30 September 2024 £'000	Gross 30 September 2024 £'000	ECL 30 September 2024 £'000
Consumer loans	210,023	219,867	(9,844)
Property loans	648,405	660,706	(12,301)
Wholesale loan	19,933	19,975	(42)
Total loans to customers at amortised cost	878,361	900,548	(22,187)

	30 September 2024 £'000	30 September 2025 £'000
Movement in impairment provision in year		
Consumer loans	(5,739)	(327)
Property loans	205	6,718
Wholesale loan	42	(0)
Total movement in impairment provisions	(5,492)	6,391
Write-offs in year		
Consumer loans	8,631	2,976
Property loans	4,468	2,193
Total impairment losses on loans to customers	7,607	11,560

The Group has the right to pledge and repledge loans to customers for borrowing; however, the Group retains the risk and rewards relating to these loans and therefore all assets pledged are retained within the statement of financial position.

Collateral is returned to counterparties once obligations are fully discharged. In the event of default, the Group has the right to liquidate collateral to recover outstanding amounts. The Group holds collateral against property loans to mitigate credit risk, which typically consists of charges against properties. The fair value of collateral held totalled £1.56 billion (2024: £1.07 billion).



Reconciliation of total impairment charge

	30 September 2024 Impairment losses £'000	30 September 2025 Impairment losses £'000
Consumer loans ECL charge	2,204	1,862
Consumer loans balance write-off	689	787
Property loan ECL charge	205	6,718
Property loan balance write-off	4,468	2,193
Wholesale loan ECL charge	42	(0)
Total impairment losses on loans to customers	7,608	11,560
Reversal in retailer provision	(228)	3
Retailer write-offs	206	81
Total impairment losses	7,586	11,644

For fair values, fair value hierarchy classifications, sensitivities and modelling techniques refer to Note 23.

Reconciliation of gross loan and ECL movements in the year

The following tables set out a reconciliation, from the start to the end of the year, of the movement in gross loan balance in the statement of financial position for loans and advances at amortised cost.

Total	Stage 1		Stage 2		Stage 3		Total	
	Gross £'000	ECL £'000	Gross £'000	ECL £'000	Gross £'000	ECL £'000	Gross £'000	ECL £'000
Gross carrying amount as at 1 Oct 2024	731,559	(2,174)	69,291	(2,454)	99,698	(17,559)	900,548	(22,187)
New assets originated or purchased	800,225	(5,164)	-	-	2,212	(79)	802,437	(5,243)
Assets derecognised or repaid	(387,811)	1,913	(31,029)	1,202	(19,588)	1,054	(438,428)	4,169
Transfers to Stage 1	12,423	(224)	(12,423)	224	-	-	-	-
Transfers to Stage 2	(25,996)	187	31,998	(385)	(6,002)	198	-	-
Transfers to Stage 3	(6,643)	84	(15,330)	611	21,973	(696)	-	(1)
Amounts written off	-	-	-	-	(5,169)	4,382	(5,169)	4,382
Amortisation of interest	28,111	(81)	13,607	(140)	4,056	(580)	45,774	(801)
Adjustment for hedging	-	-	-	-	-	-	-	-
Impact on ECL due to change in staging including unwinding of discount	-	3,598	-	(951)	-	(11,544)	-	(8,897)
Provision for commitments	-	-	-	-	-	-	-	-
Total gross carrying amount at 30 September 2025	1,151,868	(1,861)	56,114	(1,893)	97,180	(24,824)	1,305,162	(28,578)

Consumer loans	Stage 1		Stage 2		Stage 3		Total	
	Gross £'000	ECL £'000	Gross £'000	ECL £'000	Gross £'000	ECL £'000	Gross £'000	ECL £'000
Gross carrying amount as at 1 Oct 2024	198,847	(1,409)	12,155	(1,612)	8,865	(6,823)	219,867	(9,844)
New assets originated or purchased	203,140	(4,475)	-	-	-	-	203,140	(4,475)
Assets derecognised or repaid	(223,740)	1,410	(6,827)	814	(1,206)	945	(231,773)	3,169
Transfers to Stage 1	1,859	(189)	(1,859)	189	-	-	-	-
Transfers to Stage 2	(8,561)	165	8,618	(203)	(57)	38	-	-
Transfers to Stage 3	(2,394)	54	(1,594)	361	3,988	(416)	-	(1)
Amounts written off	-	-	-	-	(2,976)	2,189	(2,976)	2,189
Amortisation of interest	13,992	(81)	669	(140)	678	(580)	15,339	(801)
Impact on ECL due to change in staging including unwinding of discount	-	3,633	-	(804)	-	(2,583)	-	246
Total gross carrying amount at 30 September 2025	183,143	(892)	11,162	(1,395)	9,292	(7,230)	203,597	(9,517)



	Stage 1		Stage 2		Stage 3		Total	
	Gross £'000	ECL £'000	Gross £'000	ECL £'000	Gross £'000	ECL £'000	Gross £'000	ECL £'000
Property loans								
Gross carrying amount as at 1 Oct 2024	512,737	(723)	57,136	(842)	90,833	(10,736)	660,706	(12,301)
New assets originated or purchased	597,085	(689)	-	-	2,212	(79)	599,297	(768)
Assets derecognised or repaid	(164,071)	503	(24,202)	388	(18,382)	109	(206,655)	1,000
Transfers to Stage 1	10,564	(35)	(10,564)	35	-	-	-	-
Transfers to Stage 2	(17,435)	22	23,380	(182)	(5,945)	160	-	-
Transfers to Stage 3	(4,249)	30	(13,736)	250	17,985	(280)	-	-
Amounts written off	-	-	-	-	(2,193)	2,193	(2,193)	2,193
Amortisation of interest	14,113	-	12,938	-	3,378	-	30,429	-
Adjustment for hedging	-	-	-	-	-	-	-	-
Impact on ECL due to change in staging including unwinding of discount	-	(35)	-	(147)	-	(8,961)	-	(9,143)
Provision for commitments	-	-	-	-	-	-	-	-
Total gross carrying amount at 30 September 2025	948,744	(927)	44,952	(498)	87,888	(17,594)	1,081,584	(19,019)

	Stage 1		Stage 2		Stage 3		Total	
	Gross £'000	ECL £'000	Gross £'000	ECL £'000	Gross £'000	ECL £'000	Gross £'000	ECL £'000
Wholesale loan								
Gross carrying amount as at 1 Oct 2024	19,975	(42)	-	-	-	-	19,975	(42)
New assets originated, drawn down or purchased	-	-	-	-	-	-	-	-
Assets derecognised or repaid	-	-	-	-	-	-	-	-
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	-	-	-	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-
Interest accrual	6	-	-	-	-	-	6	-
Impact on ECL due to change in staging including unwinding of discount	-	-	-	-	-	-	-	-
Total gross carrying amount at 30 September 2025	19,981	(42)	-	-	-	-	19,981	(42)

Reconciliation of impairment movements in prior year

Group

	Stage 1		Stage 2		Stage 3		Total	
	Gross £'000	ECL £'000	Gross £'000	ECL £'000	Gross £'000	ECL £'000	Gross £'000	ECL £'000
Total								
Gross carrying amount as at 1 Oct 2023	658,754	(3,755)	56,455	(2,764)	83,827	(21,161)	799,036	(27,680)
New assets originated or purchased	490,692	(3,525)	-	-	1,085	(73)	491,777	(3,598)
Assets derecognised or repaid	(367,392)	2,544	(28,640)	1,300	(16,212)	3,360	(412,244)	7,204
Transfers to Stage 1	6,717	(223)	(6,717)	223	-	-	-	-
Transfers to Stage 2	(42,470)	284	42,549	(352)	(79)	68	-	-
Transfers to Stage 3	(30,776)	95	(9,879)	633	40,655	(728)	-	-
Amortisation of interest	16,146	(152)	15,523	(137)	3,522	(801)	35,191	(1,090)
Amounts written off	-	-	-	-	(13,100)	10,562	(13,100)	10,562
Adjustment for hedging	(112)	-	-	-	-	-	(112)	-
Impact on ECL due to change in staging including unwinding of discount	-	2,591	-	(1,357)	-	(8,786)	-	(7,552)
Provision for commitments	-	(33)	-	-	-	-	-	(33)
Total gross carrying amount at 30 September 2024	731,559	(2,174)	69,291	(2,454)	99,698	(17,559)	900,548	(22,187)



	Stage 1		Stage 2		Stage 3		Total	
	Gross £'000	ECL £'000	Gross £'000	ECL £'000	Gross £'000	ECL £'000	Gross £'000	ECL £'000
Consumer loans								
Gross carrying amount as at 1 Oct 2023	218,141	(2,826)	8,375	(1,778)	13,433	(10,979)	239,949	(15,583)
New assets originated or purchased	247,153	(3,092)	-	-	-	-	247,153	(3,092)
Assets derecognised or repaid	(270,745)	1,977	(4,772)	871	(1,211)	1,985	(276,728)	4,833
Transfers to Stage 1	709	(132)	(709)	132	-	-	-	-
Transfers to Stage 2	(9,899)	165	9,945	(202)	(46)	37	-	-
Transfers to Stage 3	(3,102)	45	(1,257)	375	4,359	(420)	-	-
Amounts written off	-	-	-	-	(8,631)	6,093	(8,631)	6,093
Amortisation of interest	14,699	(152)	573	(137)	961	(801)	16,233	(1,090)
Adjustment for hedging	1,891	-	-	-	-	-	1,891	-
Impact on ECL due to change in staging including unwinding of discount	-	2,683	-	(873)	-	(2,738)	-	(928)
Provision for commitments	-	(77)	-	-	-	-	-	(77)
Total gross carrying amount at 30 September 2024	198,847	(1,409)	12,155	(1,612)	8,865	(6,823)	219,867	(9,844)

	Stage 1		Stage 2		Stage 3		Total	
	Gross £'000	ECL £'000	Gross £'000	ECL £'000	Gross £'000	ECL £'000	Gross £'000	ECL £'000
Property loans								
Gross carrying amount as at 1 Oct 2023	440,613	(929)	48,080	(986)	70,394	(10,182)	559,087	(12,097)
New assets originated or purchased	223,564	(391)	-	-	1,085	(73)	224,649	(464)
Assets derecognised or repaid	(96,647)	567	(23,868)	429	(15,001)	1,375	(135,516)	2,371
Transfers to Stage 1	6,008	(91)	(6,008)	91	-	-	-	-
Transfers to Stage 2	(32,571)	119	32,604	(105)	(33)	31	-	-
Transfers to Stage 3	(27,674)	50	(8,622)	258	36,296	(308)	-	-
Amounts written off	-	-	-	-	(4,469)	4,469	(4,469)	4,469
Amortisation of interest	1,447	-	14,950	-	2,561	-	18,958	-
Adjustment for hedging	(2,003)	-	-	-	-	-	(2,003)	-
Unwind of discount	-	-	-	-	-	-	-	-
Impact on ECL due to change in staging including unwinding of discount	-	(92)	-	(484)	-	(6,048)	-	(6,624)
Provision for commitments	-	44	-	-	-	-	-	44
Total gross carrying amount at 30 September 2024	512,737	(723)	57,136	(842)	90,833	(10,736)	660,706	(12,301)

	Stage 1		Stage 2		Stage 3		Total	
	Gross £'000	ECL £'000	Gross £'000	ECL £'000	Gross £'000	ECL £'000	Gross £'000	ECL £'000
Wholesale loan								
Gross carrying amount as at 1 Oct 2023	-	-	-	-	-	-	-	-
New assets originated or purchased	19,975	(42)	-	-	-	-	19,975	(42)
Assets derecognised or repaid	-	-	-	-	-	-	-	-
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	-	-	-	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-
Interest accrual	-	-	-	-	-	-	-	-
Impact on ECL due to change in staging including unwinding of discount	-	-	-	-	-	-	-	-
Total gross carrying amount at 30 September 2024	19,975	(42)	-	-	-	-	19,975	(42)

Interest income recognised during the year on Stage 3 impaired loans was £6,909,000 (2024: impaired loans £7,303,000).

Of the Stage 3 loans, £7.3m have no impairment (2024: £33.3m) because they are fully secured by collateral.

The Group's Property division recorded an impairment charge of £8.9m (2024: £4.7m). The increase compared to the prior year was mainly due to change in estimated property valuations used in the Stage 3 modelling and inclusion of additional unexpected costs.



Mortgage behavioural assumptions and sensitivities

A heightened area of focus in the banking industry over the last year has been the behaviour of mortgage customers who are on limited term fixed rate products which then revert onto a bank's standard variable rate ("SVR"). The increase in UK base rates has seen mortgage rates rise significantly across the industry over the year and the Group, like other banks, has been enhancing the monitoring of customer behaviour in this environment and assessing the impact to amortised cost balances of related behavioural changes.

In calculating the Amortised cost and related EIR for mortgages, a conditional prepayment rate ("CPR"), being a loan prepayment rate equivalent to the proportion of a loan's principal that is assumed to be paid off ahead of time in each period, is estimated. The calculation of this estimate is based on several factors, such as historical prepayment rates for previous loans and future economic outlooks. For the legacy Interest Roll-up and House Price Index mortgages, the current calculation uses a 3-year product time window to assess the most appropriate rate to apply. A separate CPR curve is applied to the first charge serviced 'Term Ten' mortgage book, where the greatest sensitivity relates to the early repayment assumptions and the proportion of loans reverting onto the SVR at the end of the fixed rate reversionary period.

Term Ten mortgages are the Bank's principal 1st charge serviced mortgage product available to buy to let customers. The product will typically have a 5 year fixed interest rate term followed by a 5 year term on the SVR. A repayment by the customer in advance of the end of the fixed interest term will attract an early repayment charge ("ERC"). The CPR model for the Term Ten products uses historical data to estimate the repayment profile of customers and therefore the expected early repayment charges and SVR interest earned over the life of the product. This data is then used to calculate the related effective interest rate at origination. Periodically, the Group will update the CPR curves using the latest data available, the impact of which can result in movements to the amortised cost balance of loans as future cash flow assumptions change.

As at 30 September 2025, Term Ten mortgages had a total gross loan balance of £761.4m. This makes up 70.4% of the total Property loan book at year end.

The table below details the sensitivities of the Term Ten Mortgage amortised cost balance to changes in customer behaviour. This analysis shows the impact to the amortised cost balance of decreases to the levels of customers repaying before the end of the fixed rate term (lower levels of ERC would be earned) and also the impact of fewer customers reverting to the higher SVR after the end of the fixed term.

Term Ten mortgages CPR sensitivities	£'000	Proportion of loan balance	Proportion of Property EIR income
Early repayments			
10% decrease in early repayments	(710)	0.07%	1.10%
25% decrease in early repayments	(1,765)	0.17%	2.80%
50% decrease in early repayments	(3,501)	0.33%	5.60%
Customers reverting to SVR			
10% decrease in customers reverting to SVR	(1,582)	0.15%	2.50%
25% decrease in customers reverting to SVR	(3,955)	0.37%	6.30%
50% decrease in customers reverting to SVR	(7,911)	0.74%	12.60%

The bridging, legacy Interest Roll-up and House Price Index mortgages, each follow distinct CPR curves. These curves show minimal sensitivity to changes in repayment behaviour, making any impact from such changes immaterial.

In the current variable interest rate environment with an uncertain macroeconomic outlook, it is reasonable to consider a 10%-25% change in customers reverting to the Standard Variable Rate (SVR) or incurring an early repayment charge. A 50% change represents a plausible but highly unlikely scenario.



13. Derivative Financial Instruments

During the year the Group used derivative financial instruments to hedge its exposure to interest rate risk in relation to increases/decreases in interest rates relating to loans to customers and liabilities at amortised cost. Hedge accounting commenced from 1 October 2022. In FY22, interest rate swaps were held but not designated in a hedging relationship.

The following table shows a breakdown of the derivatives used at the reporting date and at 30 September 2025:

Margin of £10,000,000 (2024: £7,500,000) is included as loan and advances to credit institutions.

Derivatives held for risk management	2025						
	Contract or underlying principal amount £'000	Positive market value £'000	Negative market value £'000	Total £'000	Cash collateral receivable £'000	Cash collateral payable £'000	Net amount £'000
Interest rate swaps (not in hedging relationships)	70,000	-	(4)	(4)	4	-	4
Total	70,000	-	(4)	(4)	4	-	4
Interest rate swaps (in hedging relationships)	1,513,500	1,742	(5,022)	(3,280)	5,049	(1,733)	3,316
Total	1,513,500	1,742	(5,022)	(3,280)	5,049	(1,733)	3,316
Total	1,583,500	1,742	(5,026)	(3,284)	5,053	(1,733)	3,320

Derivatives held for risk management	2024						
	Contract or underlying principal amount £'000	Positive market value £'000	Negative market value £'000	Total £'000	Cash collateral receivable £'000	Cash collateral payable £'000	Net amount £'000
Interest rate swaps (not in hedging relationships)	103,000	-	(10)	(10)	10	-	10
Total	103,000	-	(10)	(10)	10	-	10
Interest rate swaps (in hedging relationships)	666,000	1,637	(4,681)	(3,044)	4,744	(1,614)	3,130
Total	666,000	1,637	(4,681)	(3,044)	4,744	(1,614)	3,130
Total	769,000	1,637	(4,691)	(3,054)	4,754	(1,614)	3,140

For information of how the Group manages its market risk, see note 24.3.

For fair value hierarchy classifications and sensitivities disclosure refer to note 23.



14. Hedge Accounting

	2025 £'000	2024 £'000
Fair value adjustments on hedged assets	3,838	5,824
Fair value adjustments on hedged liabilities	515	567

The Group commenced hedged accounting for customer deposits during the last financial year.

The table below analyses the Group's portfolio hedge accounting:

	2025		2024	
	Hedged item £'000	Hedging instrument £'000	Hedged item £'000	Hedging instrument £'000
Loans and advances to customers				
Carry amount of hedged item / nominal value of hedging instrument	634,500	634,500	309,000	309,000
Cumulative fair value adjustments of hedged item / fair value of hedging instrument	5,915	(6,888)	7,492	(7,734)
Changes in the fair value adjustment of hedged item / hedging instrument used for recognising the hedg ineffectiveness for the year	(1,578)	1,079	6,585	(6,764)
Cumulative fair value on cancelled hedge relationships	-	-	-	-

	2025		2024	
	Hedged item £'000	Hedging instrument £'000	Hedged item £'000	Hedging instrument £'000
Customer deposits				
Carry amount of hedged item / nominal value of hedging instrument	879,000	879,000	357,000	357,000
Cumulative fair value adjustments of hedged item / fair value of hedging instrument	(724)	447	(781)	550
Changes in the fair value adjustment of hedged item / hedging instrument used for recognising the hedg ineffectiveness for the year	58	(82)	(781)	550
Cumulative fair value on cancelled hedge relationships	-	-	-	-

The hedge effectiveness on the hedged assets as at year end was 95.16% and on the hedged liabilities 81.02%.



15. Property and equipment and right-of-use assets

The following table sets out components of property and equipment and a reconciliation of the cost and net book value during the year:

	Group			
	Office and computer equipment	Leasehold improvements	Right of Use Assets	Total
Cost	£'000	£'000	£'000	£'000
At 1 October 2023	867	1,101	2,372	4,340
Additions in period	124	-	65	189
Disposals in year	(334)	-	(279)	(613)
At 30 September 2024	657	1,101	2,158	3,916
Additions in year	97	-	1,240	1,337
Disposals in year	(102)	-	(1,800)	(1,902)
At 30 September 2025	652	1,101	1,598	3,351
Depreciation and impairment				
At 1 October 2023	793	847	1,699	3,339
Depreciation charge for the year	82	78	489	649
Depreciation charge on amounts written off	(334)	-	(256)	(590)
At 30 September 2024	541	925	1,932	3,398
Depreciation charge for the period	76	78	391	545
Depreciation on amounts written off	(99)	-	(1,740)	(1,839)
At 30 September 2025	518	1,003	583	2,104
Net book value				
At 30 September 2024	116	176	226	518
At 30 September 2025	134	98	1,015	1,247

Right of use assets relate to property leases capitalised in line with IFRS 16. The relating liability is detailed in Note 18.

There was no impairment necessary for the property and equipment as at 30 September 2025.



16. Investment in subsidiaries

The following table sets out the carrying value of subsidiaries.

Company

	2025 £'000	2024 £'000
Cost		
At beginning of the year	81,497	81,497
At end of the year	81,497	81,497
Impairment		
At beginning of the year	-	-
At end of the year	-	-
Net book value		
At beginning of the year	81,497	81,497
At end of the year	81,497	81,497

No impairment was necessary in the value of investment in subsidiaries as at 30 September 2025.

The Group and the parent company hold the following proportion of the nominal value (£0.10) of shares in the following Group subsidiary undertakings included in the consolidated accounts:

Name of Company	Registration Number	Holding	Proportion of voting rights & nominal value of shares held	Nature of business	Country of incorporation
Castle Trust Capital plc	7454474	Ordinary shares	100%	Mortgage finance company	UK
Castle Trust POS Limited	10493733	Ordinary shares	100%	Holding company Point of sale	UK
Omni Capital Retail Finance Limited**	7232938	Ordinary shares	100%	Consumer finance provider	UK

The holding of Castle Trust POS Limited ("CTPOS") is held indirectly via CTC.

**The holding of Omni is held indirectly via CTPOS.

The registered office for all these companies is 10 Norwich Street, London, EC4A 1BD.

16.1 Significant restrictions

There are no restrictions on the ability of subsidiaries to transfer funds to the Group in the form of cash dividends or to repay loans and advances. There are no protective rights of non-controlling interests which significantly restrict the Group's ability to access or use the assets and settle the liabilities of the Group.



17. Intangible assets

The following table sets out the net book value of intangible assets recorded in the consolidated statement of financial position by category of intangible asset. Software includes mortgage operations, valuation, consumer loans administration and customer deposit systems.

	Internally developed software £'000
Cost	
At 1 October 2023	16,833
Additions in the year	2,811
Write-offs	(81)
At 30 September 2024	19,563
Additions in the year	2,386
Write-offs	-
At 30 September 2025	21,949
Accumulated amortisation and impairment	
At 1 October 2023	10,471
Amortisation charge for the year	2,383
Write-offs	-
At 30 September 2024	12,854
Amortisation charge for the year	2,758
Write-offs	-
At 30 September 2025	15,612
Net book value	
At 30 September 2024	6,709
At 30 September 2025	6,337

The remaining amortisation period of internally developed software is 1.97 years. There was no impairment necessary in the value of intangible assets as at 30 September 2025. The amount of contractual commitments for the acquisition of intangible assets in future periods totalled £nil (2024: £46,000).

18. Trade and other payables

The following table sets out the components of trade and other payables.

	Group 2025 £'000	Group 2024 £'000
Trade creditors	15,070	5,058
Accruals and deferred income	4,289	4,249
Lease liabilities	1,098	269
Total trade and other payables	20,457	9,576

Trade and other payables consist of expenses paid in relation to the on-going costs of the business. They are recorded at cost, which approximates to fair value due to the short payment terms on which the Group operates, with the majority of trade liabilities being extinguished within 30 days of the recognition of the liability.



Lease liabilities relate to the occupation of premises in London and Basingstoke. The maturity profile of these lease liabilities is detailed in Note 25.

19. Provisions for liabilities

The following table sets out the components of provisions for liabilities.

Reconciliation of provisions movements in year to 30 September 2025

	Claims under Consumer Credit Act 1974 £'000
Opening balance at 1 October 2024	46
Charge for the year	238
Utilisation	(237)
Closing balance at 30 September 2025	47
Opening balance at 1 October 2023	43
Charge for the year	31
Utilisation	(28)
Closing balance at 30 September 2024	46

Omni is exposed to risk under s.75 of the Consumer Credit Act (CCA) in relation to misrepresentations or breaches of contract by suppliers of goods and services to customers where the purchase of those goods and services is financed by Omni. Omni has recourse to the supplier in the event of such a liability and as such a provision is held to cover the cases where the supplier is in financial distress and unlikely to be able to compensate customers. The provision is calculated by reference to individual complaints and claims outstanding at the year end, using estimates of the anticipated costs to remediate customers for any loss suffered. This is calculated by reference to historic claims upheld and management's estimate of costs for each claim.

The reduction in the provision in the current and prior years relates to a reduction in outstanding claims over the period.

20. Amounts due to customers at amortised cost

The Group's amounts due to customers at amortised cost in respect of Customer Deposits are valued at amortised cost, less transaction costs incurred in issuing the original bonds or raising the liabilities.

Group	2025 £'000	2024 £'000
Total amounts due to customers at amortised cost	1,495,438	957,770

Refer to Note 25 for details on the maturity profile of the deposit accounts.

For fair value, fair value hierarchy classifications and sensitivities disclosure refer to Note 23.

The hierarchy position is considered to be Level 3, as the lowest level input, being the discount rate, is unobservable.



21. Amounts due to customers at fair value through profit or loss

Group financial liabilities at fair value through profit or loss include structured deposits that are designated at fair value through profit or loss.

On 22 June 2020, by Schemes of Arrangement, Housa customers with investments issued by subsidiary companies transferred their investment into new banking structured deposit products in the Company, the structure of which (return and maturity profile) matched their existing investment holding. For each series of Housas, CTC opened a corresponding structured deposit. These structured deposits replaced and exactly matched the previous intercompany swaps the Company held with Castle Trust Growth Housa PC and Castle Trust Income Housa PLC. These structured deposits, consistent with the Housas, are valued at fair value as the performance continues to be evaluated on a fair value basis.

	2025 £'000	2024 £'000
Structured deposits	53	128
Total amounts due to customers at fair value through profit or loss	53	128

The existing book is in run-off. However, there were three main variants of the Housa issued which converted into structured deposits, as explained below.

Income Housas were Loan Notes issued up to July 2014 by Castle Trust Income Housa plc which paid investors a quarterly coupon. Growth Housas were participating preference shares of Castle Trust PCC issued up to October 2015 which paid investors a coupon at the maturity of the Housa. The Housa was a retail investment product of fixed term between 2 and 10 years.

The returns (and potentially share in losses) for both Growth and Income Housas were also linked to the movement in the Halifax House Price Index. Foundation Housas were participating preference shares of Castle Trust PCC issued up to October 2015 where the capital amount investors subscribed to was guaranteed.

Structured deposits/ Housas are measured at fair value (on a recurring basis) because they are managed and their performance is evaluated on a fair value basis. The following table shows a reconciliation from the opening balance to the closing balance, including the loss for the period that is recognised in the statement of comprehensive income.

	2025 £'000	2024 £'000
Structured Deposits		
Opening balance at beginning of year	128	831
Net gain on financial liabilities at fair value through profit and loss	(31)	(311)
Redemptions in the year	(44)	(392)
Closing balance at end of year	53	128

The total unrealised losses as at year end was £53,000 (2024: £54,000). For fair value hierarchy classifications and sensitivities disclosure refer to Note 23. There were no transfers into Level 3 assets other than the completions in the period, and no transfers out other than redemptions.

The change in fair value attributable to change in credit risk for financial liabilities designated at fair value through profit or loss is a loss of £nil (2024: loss of £nil). The difference between fair value and the amount contractually due at maturity is cumulatively £273 (2024: £22,000).

The changes in fair value attributable to changes in credit risk for financial liabilities designated at fair value through profit or loss have been calculated by determining the changes in credit spread implicit in the fair value of financial instruments issued by entities with similar credit characteristics.

For fair value hierarchy classifications, modelling and sensitivities disclosure refer to Note 23.



22. Subordinated liabilities

	2025 £'000	2024 £'000
Tier 2 note (Tranche 1)	7,000	7,000
Accrued interest on Tranche 1	611	632
Tier 2 note (Tranche 2)	8,000	-
Accrued interest on Tranche 2	148	-
Subordinated liabilities	15,759	7,632

The subordinated liabilities are initially measured at fair value and subsequently at amortised cost using the effective interest rate method. The subordinated Tier 2 notes are eligible for treatment as regulatory capital.

The note issued in the year ended 30 September 2024 (Tranche 1) pays interest at a rate of 13% per annum. The Group has the option to redeem the note on 30 November 2033.

A further note was issued in 2025 (Tranche 2) paying interest at 11.5% per annum. The Group has the option to redeem the note in July 2035.

The subordinated debt is listed on the International Stock Exchange.

The principal terms of the subordinated debt liability issued in the year ended 30 September 2025 are as follows:

- Interest on the note is fixed at an initial rate until the reset date (July 2030). If the note is not redeemed prior to the reset date, the interest rate will be reset and fixed based on a benchmark gilt rate plus a spread of 7.43%.
- The Issuer may redeem the Tier 2 note in whole (but not in part) in its sole discretion in July 2030 as specified in the terms of the agreement. Optional redemption may also take place for certain regulatory or tax reasons. Any optional redemption requires the prior consent of the PRA.
- The note constitutes direct, unsecured and subordinated obligations of the Group and ranks as Tier 2 capital. The note ranks behind the claims of depositors and other unsecured and unsubordinated creditors, but ranks in priority to holders of Tier 1 capital and of equity of the Group.

The principal terms of the subordinated debt liability issued in the year ended 30 September 2024 are as follows:

- Interest on the note is fixed at an initial rate until the reset date (November 2028). If the note is not redeemed prior to the reset date, the interest rate will be reset and fixed based on a benchmark gilt rate plus a spread of 9.35%.
- The Issuer may redeem the Tier 2 note in whole (but not in part) in its sole discretion in November 2028 as specified in the terms of the agreement. Optional redemption may also take place for certain regulatory or tax reasons. Any optional redemption requires the prior consent of the PRA.
- The note constitutes direct, unsecured and subordinated obligations of the Group and ranks as Tier 2 capital. The note ranks behind the claims of depositors and other unsecured and unsubordinated creditors, but ranks in priority to holders of Tier 1 capital and of equity of the Group.

23. Fair value modelling, sensitivities and fair value hierarchy

23.1 Fair value modelling & sensitivities

The Group has developed discounted cashflow models to value its financial assets and liabilities. The cash flows are based on assumptions about the range of possible future events and information concerning the terms of the financial instruments. It is run on a monthly basis for internal management information and Board reporting purposes.



The models make use of certain significant model inputs. The inputs could be market quoted levels or unobservable inputs which are calibrated using a set of methodologies developed in conjunction with the valuation models. The most significant inputs are set out in the table below.

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the Group can access at the measurement date. Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

For development finance loans, the fair value is used as an approximation of the carrying value. In determining the mortgage book fair value, a discounted cashflow model is used based on contractual cashflows. This is adjusted for customer prepayment behaviour and for expected repayment dates for defaulted loans in line with modelled ECL outcomes. A discount rate of the current risk free rate plus a suitable credit spread is then applied to calculate the fair value.

For consumer loans the contractual repayment profile is modelled. The risk free rate plus a suitable credit spread is used as the discount rate and applied to the cashflows to determine the fair value.

There is significant correlation between model parameters where movements in a parameter would likely result in opposing movement in other parameters creating offsetting valuation impacts.

The fair value sensitivity to changes in the model inputs have been assessed using reasonable upward and downwards shifts to the model inputs while keeping all remaining inputs constant. The following tables set out the relevant sensitivities.

Sensitivity analysis has been provided below where a reasonable change in each input has a material impact on the reported figures. In determining this, a sensitivity range is defined for each parameter, such as the standard error of the estimated parameter value. In certain circumstances management's judgement is used where this is not always possible (such as where there is not sufficient data for each parameter). A threshold is defined and where the valuation sensitivity is greater than the threshold the parameter is included in the sensitivity disclosure below. The threshold applied is 1% of total mortgage assets.

Amounts due to customers at fair value measurement

The discounted cash flow model, as applied to structured deposits (formerly Housa liabilities), incorporates various inputs, of which the most significant are as follows:

Input	Description	Range		September 2024		Sensitivity Range	Sensitivity		September 2024	
		September 2025 Min	September 2025 Max	Min	Max		September 2025 Min	September 2025 Max	Min	Max
Movement in HPI	Percentage movement since origination to indexed value	55.0%	55.0%	50.7%	91.3%	+/-10%	£'000 (7)	£'000 7	£'000 (17)	£'000 16
Expected house price growth	Assumed annual rate of future HPI growth	2.0%	2.0%	0.2%	4.3%					
Volatility of the movement in HPI	Assumed annualised volatility of the future HPI returns	0.0%	1.9%	0.0%	1.9%					
Discount rates:	Derived to be consistent with future house price growth.									
	Risk free discount rates	4.0%	4.0%	3.6%	5.0%					
	Credit premium discount rate	2.2%	2.2%	2.2%	2.2%					
	House price risk premium	n/a	n/a	n/a	n/a	+/-10%	n/a	n/a	n/a	n/a



The assumption for house price growth is currently 2% which has been based on external forecasts and market consensus of the expected growth in house prices. This is a long-term average growth rate and as such a short term drop in house price growth rates as a result of recent economic uncertainty and interest rate rises will have a lesser impact on this long term average. However, it is expected that uncertainty will be higher in the near term as a result of these factors. A sudden drop in house prices of up to 10% is considered a reasonably possible due to recent macro-economic factors and this is reflected in the note under the sensitivity for movement in HPI.

23.2 Fair values and fair value hierarchy analysis

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The tables below show the determination of fair value according to a three-level valuation hierarchy. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input to the fair value measurement as a whole.

For loans and receivables held at amortised cost fair values are determined according to the most recent and where possible published interest rates, adjusted for the time value of money and credit spread risk, using a discounted cash flow model. The hierarchy position is considered to be Level 3, as the lowest level input that is significant to the valuation, being the discount rate, is unobservable.

For amounts due to customers for deposits a range of fair value is determined using the latest issuance rate and both an external and internal funding rate. The carrying value of the deposits sits within the range of calculated fair values and so is used as an approximation of fair value. The hierarchy position is considered to be Level 3, as the lowest level input that is significant to the valuation, being the discount rate, is unobservable.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

For financial instruments where the receipt of the related cash is not more than three months from the date of the recognition of the asset/liability and which are not subject to significant credit risk, carrying value approximates fair value, and they are consequently not included in the fair value analysis below.

Group

As at 30 September 2025

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Carrying value £'000
Assets					
<i>Non-recurring items</i>					
Debt instruments	20,301	-	-	20,301	20,301
Loans to customers At amortised cost	-	-	1,161,959	1,161,959	1,276,584
<i>Recurring item</i>					
Derivative financial instruments	-	1,742	-	1,742	1,742
Total	20,301	1,742	1,161,959	1,184,002	1,298,627
Liabilities					
<i>Non-recurring items</i>					
Amounts due to customers for deposits	-	-	1,495,438	1,495,438	1,495,438
Subordinated liabilities	-	-	15,759	15,759	15,759
<i>Recurring item</i>					
Financial liabilities at fair value through profit or loss	-	-	53	53	53
Derivative financial instruments	-	5,026	-	5,026	5,026
Total	-	5,026	1,511,250	1,516,276	1,516,276

Company

As at 30 September 2025

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Carrying value £'000
Assets					
<i>Non-recurring items</i>					
Debt instruments	-	-	15,759	15,759	15,759
Total	-	-	15,759	15,759	15,759
Liabilities					
<i>Non-recurring items</i>					
Subordinated liability	-	-	15,759	15,759	15,759
Total	-	-	15,759	15,759	15,759

Group

As at 30 September 2024

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Carrying value £'000
Assets					
<i>Non-recurring items</i>					
Debt instruments	63,810	-	-	63,810	63,810
Loans to customers					
At amortised cost	-	-	875,851	875,851	878,361
<i>Recurring item</i>					
Designated at fair value through profit or loss	-	-	-	-	-
Derivative assets	-	1,637	-	1,637	1,637
Total	63,810	1,637	875,851	941,298	943,808
Liabilities					
<i>Non-recurring items</i>					
Amounts due to customers for deposits	-	-	957,770	957,770	957,770
Subordinated liability			7,632	7,632	7,632
<i>Recurring item</i>					
Financial liabilities at fair value through profit or loss	-	-	128	128	128
Derivative financial instruments	-	4,691	-	4,691	4,691
Total	-	4,691	965,530	970,221	970,221

Company

As at 30 September 2024

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Carrying value £'000
Assets					
<i>Non-recurring items</i>					
Debt instruments	-	-	7,632	7,632	7,632
Total	-	-	7,632	7,632	7,632
Liabilities					
<i>Non-recurring items</i>					
Subordinated liability	-	-	7,632	7,632	7,632
Total	-	-	7,632	7,632	7,632

There were no transfers in or out of Level 3 in the year.



Movement table for recurring Level 3 instruments

	Financial liabilities at fair value through profit or loss £'000
Opening balance at 1 October 2024	(128)
Redemptions	31
Gains and losses	44
Closing balance at 30 September 2025	(53)

	Mortgage designated at fair value through profit or loss £'000	Financial liabilities at fair value through profit or loss £'000
Opening balance at 1 October 2023	4,083	(831)
Capitalised fees	-	311
Redemptions	(3,764)	-
Gains and losses	(319)	392
Closing balance at 30 September 2024	-	(128)

Movement table for recurring Level 2 instruments

	Derivative financial assets £'000
Opening balance at 1 October 2024	1,637
Net interest settlement	(89)
Gains and losses	194
Closing balance at 30 September 2025	1,742

	Derivative financial liabilities £'000
Opening balance at 1 October 2024	(4,691)
Net interest settlement	(373)
Gains and losses	38
Closing balance at 30 September 2025	(5,026)

	Derivative financial assets £'000
Opening balance at 1 October 2023	3,091
Net interest settlement	111
Gains and losses	(1,565)
Closing balance at 30 September 2024	1,637



	Derivative financial liabilities £'000
Opening balance at 1 October 2023	(414)
Net interest settlement	492
Gains and losses	(4,769)
Closing balance at 30 September 2024	(4,691)

For all financial instruments other than the derivatives held for risk management, the maximum exposure to credit risk for these instruments is equal to the carrying value.

24. Risk management

The Group's activities expose it to various types of financial risk that are associated with the financial instruments and markets in which it participates. The main risk to which the Group is exposed is credit risk. In addition, the Group is also exposed to liquidity risk and market risk as these risks are inherent in the business. The Group uses a comprehensive risk management approach across each business and risk type which is outlined in the risk management framework. The risk management framework is designed to ensure risks are identified, actively monitored, and support sustainable growth of the business with sound strategic decision making. The Group continues to actively review and develop its risk management framework and enhance its approach to managing risk with clear accountabilities. The Board is ultimately responsible for setting the risk appetite for each of these risks with the Group measuring its exposure to risk on a continual basis. The Group assesses its risks using stress-testing procedures, which is a key part of its risk management, capital adequacy and liquidity planning. Stress testing provides management with key insights into the impacts of severely adverse events identified by the Group and provides confidence to the Board, shareholders, and regulators on the Group's financial stability. The section below provides further details on financial risks only.

24.1 Credit risk

24.1.1 Overview

Credit risk is the risk that a counterparty will fail to meet its obligations in accordance with agreed terms. In general, it arises from the counterparty being either unwilling or unable to settle its obligations. This risk is managed in the loan origination and servicing processes. In addition, mortgage credit risk is monitored via performance monitoring, including past due, maturity and concentration risk assessment. RDF loans are individually reviewed and monitored by the credit committee.

Consumer point of sale lending is managed by monitoring of non-performing loans, monitoring of actual bad debt rates against predicted bad debt rates and write off levels. The Group has modelled the scenarios which might lead to a change in these risks and these are measured and monitored on a quarterly basis by the Risk Committee.

The Group manages its credit risk in accordance with policies set by the Board to ensure that the credit risk assumed is commensurate with the return required. The Group is exposed to credit risk from its loans to customers, cash and cash equivalents, its loans and advances to credit institutions and debt instruments. The Group's maximum exposure to credit risk is set out in the table below.



As at 30 September 2025	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	ECL £'000	Total £'000
Financial assets					
Cash and cash equivalents	329,832	-	-	-	329,832
Amounts due from credit institutions	15,053	-	-	-	15,053
Debt instruments	20,301	-	-	-	20,301
Trade and other receivables	1,245	-	-	-	1,245
Loans to customers					
At amortised cost					
- Consumer loans	183,143	11,162	9,292	(9,517)	194,080
- Property loans	948,744	44,952	87,888	(19,019)	1,062,565
- Wholesale loan	19,981	-	-	(42)	19,939
Derivative financial instruments	-	-	-	-	1,742
	1,518,299	56,114	97,180	(28,578)	1,644,757
Commitments	107,467			(135)	107,332

As at 30 September 2024	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	ECL £'000	Total £'000
Financial assets					
Cash and cash equivalents	121,371	-	-	-	121,371
Amounts due from credit institutions	12,254	-	-	-	12,254
Debt instruments	63,810	-	-	-	63,810
Trade and other receivables	914	-	66	(66)	914
Loans to customers					
At amortised cost					
- Consumer loans	198,847	12,155	8,865	(9,844)	210,023
- Property loans	512,737	57,136	90,833	(12,301)	648,405
- Wholesale loan	19,975	-	-	(42)	19,933
Derivative financial instruments	-	-	-	-	1,637
	929,908	69,291	99,764	(22,253)	1,078,347
Commitments	76,835	-	-	(159)	76,676

The decrease in Stage 2 balances is principally due to decreased Property arrears cases as the legacy book in wind down decreases in size.

Consumer loan Stage 3 balances have remained relatively stable during the year. Likewise, the property balance has remained at a constant level with the prior year despite the large overall increase in the total book as new loans on book continue to perform well.

Financial Instruments held at amortised cost are within the scope of the IFRS 9 impairment policy described in Note 2.5.6. IFRS 9 permits a simplified approach where it may be assumed that an instrument's credit risk has not increased significantly since initial recognition if it is determined to have a low credit risk at the reporting date. Such low-risk instruments are categorised as stage 1, with the provision based upon a 12-month probability of default. The Group has applied this simplified approach to its cash and cash equivalents, loans and advances to credit institutions and debt instruments in accordance with its accounting policy (refer to note 2.5.6) which is evidence that the instrument is of low risk. Trade and other receivables follow a specific provision methodology based on the individual exposures at risk.

The Group assesses impairment on committed lending which has been made at year end, but not yet originated. Whilst the committed value is only reflected on the balance sheet upon origination, the related impairment is included in Stage 1 above. The average modelled stage 1 coverage ratio for the lending assets is applied to the committed balance to determine the ECL.



The impairment provisioning applied to the loan book provides an indicator of the overall credit quality of the loan portfolio. Movements in the coverage ratio (impairment provision value as a percentage of the gross loan value) can be used to understand how the credit position of the loans has evolved. The table below compares the coverage ratios by stage at the year-end date with the prior year.

30 September 2025	Stage 1	Stage 2	Stage 3	Total
Consumer Loans	0.49%	12.50%	77.81%	4.67%
Property	0.10%	1.11%	20.02%	1.76%
Wholesale	0.21%	0.00%	0.00%	0.21%
Total	0.16%	3.37%	25.54%	2.19%
30 September 2024	Stage 1	Stage 2	Stage 3	Total
Consumer Loans	0.71%	13.26%	76.97%	4.48%
Property	0.14%	1.47%	11.82%	1.86%
Wholesale	0.21%	0.00%	0.00%	0.21%
Total	0.30%	3.54%	17.61%	2.46%

For the consumer loans portfolio, the coverage ratio increased by 20 basis points due to the relative mix of assets in stage 3. Improvements to the probability of default led to the coverage ratios for stages 1 and 2 falling in the year. However, an adverse movement in loss given default increased the coverage ratio for stage 3.

In property, the decrease in stage 1 and 2 coverage ratios is due to the continued run off of the legacy 2nd charge mortgage book which attracts a higher probability of default. With a relatively larger proportion of these legacy loans making up the stage 3 population, these cases (many of which are individually assessed), saw continued delays to the work out scenarios decreasing the modelled recovery cashflows and increasing the stage 3 coverage ratio.

The contractual amount outstanding on customer financial assets that were written off during the reporting period and are still subject to enforcement activity was nil.

24.1.2 Credit concentration

Credit concentration risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Group manages its exposure to credit concentration risk by monitoring the level of concentration on each of its portfolios through several dimensions and in some cases actively limiting the exposure.

The Group's exposure to credit risk arising from cash and cash equivalents, derivatives held for risk management and due to credit institutions is managed by the Treasury function. The credit ratings for counterparties used by the Group are summarised below.

	Fitch Rating	Outlook	Moody's Rating	Outlook	S&P Rating	Outlook
HSBC Bank plc	AA-	Stable	A1	Stable	A+	Stable
National Westminster Bank plc	A+	Stable	A1	Stable	A+	Stable
United Kingdom	AA-	Negative	Aa3	Stable	AA	Stable

These exposures are not considered to result in significant credit risk.

At 30 September 2025 the Group was exposed to credit risk in terms of its holdings in Treasury Bills. The Group performed its own credit analysis and considered the counterparty to be high grade.



Credit risk associated with Serviced and Interest Roll Up mortgages, RDF loans and other loans designated at fair value through profit or loss is mitigated by the collateral that the Group holds a charge over. This totalled £1.56 billion (2024: £1.07 billion), which represents the expected collateral value in case of loans that are assessed individually and indexed collateral in case of loans that are assessed in collective ECL model. In some cases, the Group's charge over this collateral is subordinated by another lender's charge. The following table shows the loan balance by combined first and 2nd charge loan to value ("LTV") analysis for all loans by band held at the end of the year:

LTV band %	2025 £'000	2025 %	2024 £'000	2024 %
0 - 20	8,402	1%	1,362	0%
21 - 50	27,543	3%	28,345	4%
51 - 70	155,178	14%	126,741	19%
71 - 85	755,424	70%	417,223	64%
86 - 90	47,406	4%	15,983	2%
91+	87,631	8%	71,052	11%
Carrying value before impairment provision	1,081,584	100%	660,706	100%
Wholesale loan	19,981		19,975	
Consumer loans	203,597		219,867	
	1,305,162		900,548	

The LTV used in the table above for RDF is based on the Gross Development Value (the estimated value at completion). Total gross exposure to Development Finance is £36.8m (2024: £34.2m) with an average LTV for non-recovery cases of 99% (2024: 83%).

The increase in the 71-85% LTV cohort is due to new business volumes for first charge serviced mortgages which typically will have an LTV on origination of between 70-75%.

The significant increase in the 86-90% cohort is due to lower collateral valuations for defaulted cases in the current difficult house price environment.

The breakdown of LTV by region is shown in the following tables:

London LTV band %	2025 £'000	2025 %	2024 £'000	2024 %
0 - 20	2,571	1%	366	0%
21 - 50	9,480	2%	9,354	4%
51 - 70	52,133	13%	53,045	21%
71 - 85	259,950	62%	146,883	59%
86 - 90	23,349	6%	7,785	3%
91+	66,381	16%	31,386	13%
Carrying value before impairment provision	413,864	100%	248,819	100%

South LTV band %	2025 £'000	2025 %	2024 £'000	2024 %
0 - 20	2,506	1%	624	0%
21 - 50	8,739	2%	7,972	4%
51 - 70	46,058	13%	30,681	16%
71 - 85	268,518	76%	120,721	63%
86 - 90	15,885	4%	6,782	4%
91+	14,499	4%	24,612	13%
Carrying value before impairment provision	356,205	100%	191,392	100%



Rest of UK LTV band %	2025 £'000	2025 %	2024 £'000	2024 %
0 - 20	3,325	1%	372	0%
21 - 50	9,324	3%	11,019	5%
51 - 70	56,987	18%	43,015	20%
71 - 85	226,956	73%	149,619	67%
86 - 90	8,172	3%	1,416	1%
91+	6,751	2%	15,054	7%
Carrying value before impairment provision	311,515	100%	220,495	100%

The Group assesses the underlying credit risk of customers for both the property and consumer loan portfolios, determining high, standard, and sub-standard risk grades based on underlying loan characteristics. The table below shows this credit assessment and the related impairment staging for loans at amortised cost:

Property Total	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
Performing				
High grade	29,482	4,753	1,711	35,946
Standard grade	758,218	24,325	1,734	784,277
Sub-standard grade	161,044	15,874	84,443	261,361
Total gross carrying amount at 30 September 2025	948,744	44,952	87,888	1,081,584

Consumer Loans Internal rating grade	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
Performing				
High grade	117,123	6,798	5,460	129,381
Standard grade	65,214	4,298	3,668	73,180
Sub-standard grade	806	66	164	1,036
Total gross carrying amount at 30 September 2025	183,143	11,162	9,292	203,597

Total Group Internal rating grade	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
Performing				
High grade	146,605	11,551	7,171	165,327
Standard grade	823,432	28,623	5,402	857,457
Sub-standard grade	161,850	15,940	84,607	262,397
Total gross carrying amount at 30 September 2025	1,131,887	56,114	97,180	1,285,181

Property Total	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
Performing				
High grade	24,961	4,591	154	29,706
Standard grade	382,224	38,992	7,030	428,246
Sub-standard grade	105,552	13,553	83,649	202,754
Total gross carrying amount at 30 September 2024	512,737	57,136	90,833	660,706

Consumer Loans Internal rating grade	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
Performing				
High grade	139,675	4,299	2,511	146,485
Standard grade	58,851	7,806	5,763	72,420
Sub-standard grade	321	50	591	962
Total gross carrying amount at 30 September 2024	198,847	12,155	8,865	219,867



Total Group Internal rating grade	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
Performing				
High grade	164,636	8,890	2,665	176,191
Standard grade	441,075	46,798	12,793	500,666
Sub-standard grade	105,873	13,603	84,240	203,716
Total gross carrying amount at 30 September 2024	711,584	69,291	99,698	880,573

The wholesale loan amounting to £19.9m in 2025 (2024: £19.9m) was assessed as standard grade.

For property loans, the Group has utilised the current LTV of exposures as the rating criteria for the property portfolio.

The following criteria was applied.

- High grade exposures have an LTV of less than 50%;
- Standard grade exposures have an LTV between 50% and 80%; and
- Substandard grade exposures have an LTV in excess of 80%.

In the current financial year, the increase in standard grade balances reflects new business originations which typically fall within this banding.

For consumer loans, the Group has utilised the Combined Risk Grade (2024: Gauge Credit Score) of the borrower as the rating criteria for the Omni portfolio. The score is measured at origination. The following criteria was applied.

- High grade exposures have a Combined Risk Grade less than 5 (2024: Gauge Score in excess of 625)
- Standard grade exposures have a Combined Risk Grade between 5 and 13 (2024: Gauge Score between 550 and 625)
- Substandard grade exposures have a Combined Risk Grade in excess of 13 (2024: Gauge Score less than 550)

The fall across high and standard grades reflects the overall fall in the loan book during the period.

Within Property, the Group limits its maximum exposure to individual obligors and certain product types (1st line mortgages versus 2nd line mortgages for example). Regional concentration and other concentration risks are also monitored by the Group Credit Risk Committee.

Consumer loan concentration risk focusses principally on individual retailers with specific limits in place set by the Board Risk Committee or Group Credit Risk Committee. The Group's exposure to specific industry sectors is also closely monitored.

Mortgage assets have a maximum loan exposure which limits concentration risk. The maximum single counterparty exposure is to the Bank of England.

24.1.3 Impact of high interest rates on credit risk

In the prior year a post model adjustment was applied to capture circumstances where existing customers may have difficulty refinancing in a high-interest rate environment if the loan was originated on a significantly lower interest rate.

The Bank of England Bank Rate began to gradually fall in FY25 and following an assessment by the Bank, the impact of higher interest rates has been assessed as fully incorporated into the impairment modelling and therefore the PMA is no longer applied.



24.1.4 Staging overview

Significant increase in credit risk ('SICR') (composition of Stage 2)

The Group's transfer criteria as described below, determine what constitutes a significant increase in credit risk, which results in an exposure being moved from Stage 1 to Stage 2.

Analysis of Stage 2 loans	Backstop only		Missed payment in the past		Watchlist		Forborne / Extensions		Other qualitative		Multiple criteria		Total
	31-60	61-90	<30	>30	<30	>30	<30	>30	<30	>30	Qualitative		
	DPD's	DPD's	DPD's	DPD's	DPD's	DPD's	DPD's	DPD's	DPD's	DPD's	Qualitative Only	& >30 DPD's	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Consumer Loans	3,660	1,386	1,095	-	-	-	-	-	4,221	-	800	-	11,162
Property Loans	422	108	5,371	-	9,852	-	8,825	-	373	-	10,247	9,754	44,952
Total	4,082	1,494	6,466	-	9,852	-	8,825	-	4,594	-	11,047	9,754	56,114

The Group constantly monitors the ongoing appropriateness of the transfer criteria, where any proposed amendments will be reviewed and approved by the Group's Management Committees and the Risk and Audit Committees at least semi-annually or more frequently if required.

IFRS 9 includes a rebuttable presumption that if an account is more than 30 days past due it has experienced a significant increase in credit risk. The Group considers more than 30 days past due to be an appropriate back stop measure and has not rebutted this presumption.

For mortgages and RDF, other credit related criteria are considered in assessing whether a significant increase in credit risk has occurred. This includes changes to a customer's credit profile through reference to external credit agencies, changes to the current product terms offered to the customer, payment holidays, and extension of term. Customers who have no outstanding arrears but who have fallen more than 30 days in arrears within the last 12 months, continue to be classified as having a significantly increased credit risk and will remain within Stage 2.

Within consumer loans, customers who have no outstanding arrears but who have fallen more than 30 days in arrears within the last 12 months, continue to be classified as having a significantly increased credit risk and will remain within Stage 2. In addition, external bureau data is used to identify deterioration in credit risk and used to inform which accounts are to be moved from stage 1 to stage 2 for provisioning purposes under IFRS 9. The criteria used on the bureau data includes customers who have seen a significant deterioration in credit score or a significant increase in arrears.

A borrower will move back into Stage 1 where the SICR definition is no longer satisfied (for example, where no missed payments for a period of 12 consecutive months has been observed and/or the account is not in forbearance or other non-paying status).

Definition of default (movement to Stage 3)

The Group uses a number of quantitative and qualitative criteria to determine whether an account meets the definition of default and therefore moves to Stage 3.

The rebuttable assumption is that more than 90 days past due (for property - on either primary or secondary mortgage) is an indicator of default. The Group has not rebutted this assumption and therefore deems that more than 90 days past due is an indicator of default. This acts as an appropriate back stop measure as it agrees with the observed performance and known behaviour of accounts reviewed.

For mortgages and RDF, additional criteria are considered in the assessment as to whether a loan meets the definition of default. This includes increased likeness of repossession, defaulted arrangements on other properties the customer may hold, significant fall in the valuation of a property, reduced or frozen interest charges and other criteria assessed by management which indicate an increased likelihood of default.



For consumer loans, any loan where a fraud allegation has been raised is immediately classified as Stage 3.

A borrower will move out of Stage 3 when their credit risk improves such that any outstanding payments on the loan are less than 90 days in arrears. The borrower will move to Stage 1 or Stage 2 dependent on whether the SICR applies.

The following table shows the maturity profile of the Group's past due or impaired financial assets.

	Total	ECL	<30 days	30-60 days	61-90 days	91-120 days	>120 days
As at 30 September 2025	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets							
Cash and cash equivalents	329,832	-	329,832	-	-	-	-
Amounts due from credit institutions	15,053	-	15,053	-	-	-	-
Debt instruments	20,301	-	20,301	-	-	-	-
Trade and other receivables	1,245	(70)	1,315	-	-	-	-
Loans to customers							
At amortised cost							
- Consumer loans	194,080	(9,517)	187,116	3,794	1,450	1,054	10,183
- Property loans	1,062,565	(19,019)	996,294	3,214	9,428	12,777	59,871
- Wholesale loan	19,939	(42)	19,981	-	-	-	-
Derivative financial instruments	1,742	-	1,742	-	-	-	-
	1,644,757	(28,648)	1,571,634	7,008	10,878	13,831	70,054

	Total	ECL	<30 days	30-60 days	61-90 days	91-120 days	>120 days
As at 30 September 2024	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets							
Cash and cash equivalents	121,371	-	121,371	-	-	-	-
Amounts due from credit institutions	12,254	-	12,254	-	-	-	-
Debt instruments	63,810	-	63,810	-	-	-	-
Trade and other receivables	914	(66)	980	-	-	-	-
Loans to customers							
At amortised cost							
- Consumer loans	210,023	(9,844)	207,961	2,000	1,040	837	8,029
- Property loans	648,405	(12,301)	556,818	2,840	14,286	33,672	53,090
- Wholesale loan	19,933	(42)	19,975	-	-	-	-
Derivative financial instruments	1,637	-	1,637	-	-	-	-
	1,078,347	(22,253)	984,806	4,840	15,326	34,509	61,119

The current year has seen an increase in Property loans aged greater than 120 days. This is typically maturity defaults of the legacy 2nd charge book which is in wind down and is reflected in the higher cost of risk experienced in the year.

24.1.5 Forbearance

The Group sometimes makes other concessions to borrowers with respect to the original terms of mortgages as a response to a borrower's financial difficulties. All forbore loans will be classified as either Stage 2 or Stage 3.

Within property, forbearance may take the form of a change of contractual terms (e.g. transfer to interest only, extension of term, payment holiday or further advance) made as a concession to a borrower who is unable to meet the original contractual terms of the mortgage. In addition, other activities are also considered to be indicative of forbearance such as paying costs to support a voluntary sale of the property, waiving of Early Redemption Charges and providing a reduced concessionary interest rate that would not normally have been



done had the borrower not been in financial difficulties. Forbearance offered by the primary mortgage provider does not necessarily result in the Bank's mortgage being forborne.

Forbearance provided by the Group is considered to be an indicator of impairment. Forbearance provided by other lenders to the Group's borrowers is not automatically considered to be an indicator of impairment of the Group's mortgage but is considered on a case-by-case basis if further information is available.

For consumer loans, forbearance may involve an amendment to the original terms of a loan as a response to a customer's financial difficulties. Indicators of financial difficulties considered by the Group that trigger consideration of forbearance are the aggregate arrears status, which considers both the number of missed payments and the months elapsed since the date of the contractual maturity. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions, such as freezing interest, a reduced payment arrangement, or debt management plan arrangement.

Once the terms have been amended on a consumer loan, any impairment is measured using a collectively modelled provision. Additional impairment calculated as part of the Significant Increase in Credit Risk is modelled on a collective basis as each loan advanced by the Group is individually not significant.

The forbearance classification on property is discontinued when all the following conditions are met:

- the contract is considered as performing, including if it has been reclassified from the non-performing category after an analysis of the financial condition of the debtor showed it no longer met the conditions to be considered as nonperforming.
- a minimum 1-year period has passed from the date the forborne exposure was considered as performing.
- none of the exposures to the debtor is more than 30 days past-due at the end of the probation period.

The following tables show the loans in forbearance at the year end.

	Stage 1		Stage 2		Stage 3		ECL	Total Forborne %	
	Performing	Forborne	Not forborne	Forborne	Not forborne	Forborne			
As at 30 September 2025	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets									
Loans to customers									
At amortised cost									
- Consumer loans	183,143	-	10,584	578	5,380	3,912	(9,517)	194,080	2.21%
- Property loans	948,744	-	34,640	10,312	67,233	20,655	(19,019)	1,062,565	2.86%
- Wholesale loan	19,981	-	-	-	-	-	(42)	19,939	0.00%
	1,151,868	-	45,224	10,890	72,613	24,567	(28,578)	1,276,584	

	Stage 1		Stage 2		Stage 3		ECL	Total Forborne %	
	Performing	Forborne	Not forborne	Forborne	Not forborne	Forborne			
As at 30 September 2024	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets									
Loans to customers									
At amortised cost									
- Consumer loans	198,847	-	11,400	755	5,160	3,705	(9,844)	210,023	2.03%
- Property loans	512,737	-	51,976	5,160	76,664	14,169	(12,301)	648,405	2.93%
- Wholesale loan	19,975	-	-	-	-	-	(42)	19,933	0.00%
	731,559	-	63,376	5,915	81,824	17,874	(22,187)	878,361	-



24.1.6 Modelling assumptions and approach

The modelling assumptions and approach are defined by the accounting policy as shown in Note 2.5.6. In the prior year, all stage 3 mortgage cases were individually assessed. During the current year a stage 3 mortgage collective model was adopted with only the large and complex cases being individually assessed.

During the financial year, the macroeconomic parameter values used in the model were updated on a quarterly basis, with the results reflected in the quarterly financial results. All parameters were individually recalibrated as at 30 September 2025. The results of the recalibration, significant modelling changes and post model adjustments (PMAs) and overlays are reviewed by an internal review followed by review and challenge through governance committees. The final outcome is reviewed by the Impairment Committee and Audit Committee prior to any updates being adopted.

24.1.7 Forward looking macroeconomic scenarios

IFRS 9 requires firms to consider the risk of default and impairment loss taking into account expectations of economic changes that are reasonable.

The Group uses a bespoke macroeconomic model to determine the most significant factors which may influence the likelihood of an exposure defaulting in the future. At present, the most significant macroeconomic factors for property loans relate to the House Price Index ("HPI"), long term UK gilt rates and unemployment. For consumer loans the unemployment rate and interest rate are the key drivers.

The Group has derived an approach for factoring probability weighted macroeconomic forecasts into the ECL calculations, adjusting PD and LGD estimates. The macroeconomic scenarios feed directly into the ECL calculation, as the adjusted PD, lifetime PD and LGD estimates are used within the individual account ECL allowance calculations.

The Group currently does not have an in-house economics function and therefore sources the economic forecast from an appropriately qualified third party. The Group considers five probability weighted scenarios; base, upside, mild upside, downside and severe downside scenarios.

The models are then weighted to the scenarios based on the severity of the modelled outcomes and underlying parameters. A benchmarking assessment is undertaken considering the economic parameters and related scenario weightings to provide additional support to the final weightings applied.

The base case is also utilised within the Group's impairment forecasting process which in turn feeds the wider business planning processes, capital projections and liquidity forecasts. This economic forecast is also used within analysis to set the Group's credit risk appetite thresholds and limits.

The Group's approach to macroeconomic scenarios is to rely upon its third-party supplier which provides quarterly forecasts aligned to quarter ends; it should only deviate from this approach when there has been a severe macro-economic shock.

Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Note 2.5.6. To ensure completeness and accuracy, the Group obtains the data used from third party sources and the Credit Risk group verifies the accuracy of inputs to the Group's ECL models including determining the weights attributable to the multiple scenarios. The following tables set out the key drivers of expected credit loss, the number of scenarios utilised, and the weightings applied to each scenario at 30 September 2025 and 30 September 2024.

The tables show the key forward looking economic variables/ assumptions at the end of the calendar year (31 December) as used in each of the economic scenarios for the ECL calculations. Subsequent years are calculated by taking the average of the calendar year end values for the outer years provided within the forecast data set.



As at 30 September 2025

Key Drivers	ECL Scenario	Assigned Probabilities %	2025 %	2026 %	2027 %	2028 %	2029 %	Subsequent years %
Unemployment rates %	Upside	10%	4.4%	3.3%	2.4%	2.2%	2.2%	2.6%
	Mild Upside	10%	4.6%	4.1%	3.7%	3.6%	3.6%	3.7%
	Base Case	60%	4.9%	5.0%	4.7%	4.3%	4.1%	4.0%
	Downside	10%	5.3%	6.3%	6.8%	6.7%	6.4%	5.8%
	Severe Downside	10%	5.4%	6.7%	7.4%	7.3%	7.0%	6.3%
10-Yr UK Government Bond Yield %	Upside	10%	4.9%	5.4%	4.9%	4.5%	4.4%	4.3%
	Mild Upside	10%	4.8%	5.0%	4.4%	4.0%	3.9%	3.8%
	Base Case	60%	4.7%	4.3%	3.8%	3.5%	3.4%	3.3%
	Downside	10%	4.6%	3.5%	2.6%	2.6%	2.6%	2.6%
	Severe Downside	10%	4.5%	2.7%	1.8%	1.8%	1.8%	1.8%
House Price Index	Upside	10%	4.5%	5.4%	7.1%	8.8%	6.4%	3.3%
	Mild Upside	10%	3.6%	3.6%	5.5%	7.6%	6.5%	3.4%
	Base Case	60%	2.7%	2.0%	3.1%	5.8%	6.6%	3.5%
	Downside	10%	0.0%	-5.2%	-1.8%	1.9%	7.0%	3.9%
	Severe Downside	10%	-1.2%	-8.5%	-4.8%	-0.4%	7.3%	4.2%

As at 30 September 2024

Key Drivers	ECL Scenario	Assigned Probabilities %	2024 %	2025 %	2026 %	2027 %	2028 %	Subsequent years %
Unemployment rates %	Upside	10%	3.9%	2.8%	2.2%	2.0%	2.1%	2.4%
	Mild Upside	10%	4.2%	3.7%	3.6%	3.6%	3.6%	3.7%
	Base Case	60%	4.4%	4.2%	4.0%	3.8%	3.8%	3.7%
	Downside	10%	4.8%	5.8%	6.7%	6.8%	6.5%	5.9%
	Severe Downside	10%	4.9%	6.1%	7.1%	7.2%	6.9%	6.2%
10-Yr UK Government Bond Yield %	Upside	10%	4.2%	4.7%	4.4%	3.9%	3.8%	3.8%
	Mild Upside	10%	4.1%	4.2%	3.9%	3.4%	3.3%	3.3%
	Base Case	60%	3.9%	3.7%	3.3%	2.9%	2.9%	2.9%
	Downside	10%	3.8%	3.0%	2.4%	2.3%	2.3%	2.3%
	Severe Downside	10%	3.8%	2.4%	1.6%	1.6%	1.6%	1.6%
House Price Index	Upside	10%	5.9%	3.2%	6.5%	6.6%	4.0%	2.9%
	Mild Upside	10%	4.9%	1.6%	4.8%	5.4%	4.1%	3.0%
	Base Case	60%	3.8%	0.9%	2.4%	3.5%	4.2%	3.1%
	Downside	10%	1.3%	-7.1%	-2.4%	-0.3%	4.7%	3.5%
	Severe Downside	10%	0.1%	-10.6%	-5.3%	-2.7%	4.9%	3.8%

In previous years, GDP growth has been disclosed as a key input into ECL models. This is no longer utilised within current models.

24.1.8 Sensitivity Analysis

The calculation of ECLs is complex and involves use of estimates in reaching the calculated results. Sensitivity analysis has been performed on the material estimates of PD and LGD as detailed in note 2.4 to illustrate the impact on ECLs of any changes to the main components of the calculation.

Within the Property portfolio, the Stage 1 and Stage 2 LGD calculations use a current blended cure rate of defaulted loans of c. 80%. An increase of 10% would result in a reduction in impairment by £746k and a decrease



of 10% would result in an increase of £702k. The LGD calculations also use a time to sell for defaulted loan estimate of 20 months. An increase by 6 months would result in an increase in impairment of £12k and a decrease of 6 months would result in a decrease £34k. Within the LGD calculations a valuation haircut is also applied. A 5% increase in the haircut would result in an increase in impairment of £258k and a 5% decrease in haircut would result in a decrease of £256k.

For Property stage 3, the key sensitivity relates to scenarios modelled for the work out of a handful of remaining residential development cases. These are typically large exposures with individually assessed ECLs. There is a high level of judgement applied in the calculating the modelled scenarios due to a wide range of possible outcomes. If the severe downside scenario, currently weighted at 10% likelihood was increased to 20%, ECL would increase by £0.9m.

The Omni portfolio LGD is highly sensitive to the cure rate of defaulted loans. Increasing / decreasing the cure rate by 1% results in an increase / decrease in impairment of c. £98k. The 1% movement in cure rate is similar to levels experienced when model recalibrations are undertaken.

The sensitivity percentages selected represent a sensible range based on experience in recent years through either house price movements or delays experienced in realising collateral. The 1% movement in cure rate is similar to levels experienced when model recalibrations are undertaken.

For PD, the key estimate relates to the macroeconomic scenarios and the associated weightings. The following table shows the ECL impact of 100% weighting to base/upside/downside in comparison to the weighted ECL for stage 1 and 2 cases. Weighting the scenarios accordingly, the baseline and upside scenarios reduce the ECL whereas the downside scenarios result in an increase. The impacts have been performed on a consistent staging basis.

	Property ECL Impact £'000	Customer Loans ECL Impact £'000	Total ECL Impact £'000
100% Base	68	11	79
100% Downside	(465)	(150)	(615)
100% Severe Downside	(727)	(188)	(915)
100% Mild Upside	251	90	341
100% Upside	408	181	589

Further sensitivity analysis has been performed on the post-model adjustments and overlays (refer to note 24.1.10).

24.1.9 Post-model adjustments and overlays

The Group reviews the modelled impairment outputs through a formal governance process. In some instances, adjustments to the model are applied when the modelled outputs may not fully reflect the underlying credit risk. This is achieved through the application of post-model adjustments and / or overlays.

The key post-model adjustments and overlays applied by management are detailed below:

PMA	Modelled impact	Post model adjustments and overlays
Serviced 1st (Stage 1) Floor	Coverage ratio floor for Serviced 1st loans to account for book weighting towards early positions in product life-cycle. This increases ECL by £0.2m.	Serviced 1st book is weighted to early positions of the product life-cycle which results in potentially low PD values as experience suggest accounts less likely to default in this period of the life-cycle. Due to limited experienced data, no possibility of segmentation at this time, however there is a desire to segment in future with data availability. Coverage ratio uplifted to represent increased PD in absence of model ability.



PMA	Modelled impact	Post model adjustments and overlays
Forced Sale Discount	Segmented forced sale discount between legacy House Prince linked and standard loans calculated and applied. This decreases ECL by £0.3m.	House Price Linked (HPL) portfolio is a legacy portfolio that has different sale characteristics, lending profile and underwriting rules from other loans hence segmented HPL and non-HPL forced sale discount calculated and applied and making an exemption for bridge cases in the PMA.
Significant Increase in Credit Risk	Significant increases in credit risk are calculated based on additional criteria for both Property and consumer loans. This increases ECL by £0.2m.	Whilst arrears performance remains the key indicator of credit risk, additional criteria are considered in the assessment of significant increases in credit risk for customers currently within Stage 1 for both property and consumer loans.
Stage 3 mortgages	Using an increased number of data points, revised valuation haircuts have been calculated along with additional default outcomes. This has resulted in a revised collective default model for accounts not subject to an individual assessment. This increases ECL by £0.3m	A PMA has been applied to capture different outcomes for customers in default to capture cases that ultimately trigger a recovery or a write off. This unincorporates more sophisticated valuation haircuts which vary based on the expected time to sell of the underlying collateral.
Consumer Finance Loan Cancellations	PMA applied to neutralise the impact of large numbers of cancelled Consumer Finance loans. This decreased ECL by £0.1m	Due to operational issues at a key retailer, a large volume of loans were stated as being in arrears at year end and then subsequently cancelled with a full refund applied. A PMA has been applied to overlay these loans back to stage 1 for year-end reporting.

The net impact of the adjustments and overlays detailed above as at 30 September 2025 is an additional ECL of £0.5m (2024: £1.9 m).

24.2 Liquidity risk

Liquidity risk is the risk that a firm is unable to meet its liabilities as they fall due, without incurring unacceptably large losses. In general, the risk arises from mismatches between the maturity profile of assets and liabilities and the ability of the firm to liquidate its holding in certain assets.

The Group is exposed to liquidity risk due to nature of its business activities. The exposure is monitored regularly and formally reviewed by the Board on an annual basis. The Group regularly conducts stress testing assessments of the balance sheet to measure its exposure. The exposure is controlled by active management of the amount, type and maturity profile of its assets and liabilities. In addition, the Group maintains a liquidity buffer to ensure it has adequate liquidity to meet its liabilities as they fall due.

The current political and macroeconomic uncertainty poses unique challenges for the banking sector and wider economy. The liquidity stress scenarios that are applied as part of the annual ILAAP assessment and ongoing liquidity monitoring capture downside scenarios in relation to potential macroeconomic outcomes. This includes a material reduction in the ability to source funding through deposits and reductions in loan repayments caused by affordability hardship to customers. The Group is able to maintain liquidity above Board prescribed limits through all periods assessed in these scenarios.

Please refer to Note 25 for details of the maturity profile of assets and liabilities.



24.3 Market risk

Market risk is the risk that the fair value of future cash flows from financial instruments will fluctuate as a result of changes in market variables. Interest rate risk is a type of market risk where variability arises from interest rates. Similarly, house price risk is a type of market risk where the variability arises from changes in house prices. The Group are not impacted by exchange rate fluctuations as all transactions are denominated in sterling.

The Group is exposed to market risk in the form of interest rate risk and house price risk. This exposure is monitored regularly and formally reviewed by the Board, as part of its ICAAP and ILAAP, on an annual basis. The Group's exposure to market movements is captured through macroeconomic forecasts and have been further assessed as part of the SICR process, specifically in the cost of living and affordability assessment performed.

Interest rate risk is the exposure which arises because of differences in the repricing profile of the Group's assets and liabilities. Primarily, Interest Rate Risk in the Banking Book (IRRBB) sensitives take the following forms:

- Valuation sensitivity measured by DV100, Economic value of Equity (EVE), or similar metrics
- Earnings exposure measured by Net Interest Income (NII) sensitivity metrics.

The organic business practices of the Group expose it to both valuation and earnings risk, which arise as repricing and basis risk mismatches develop.

The Group does not actively seek Interest Rate Risk; however, it acknowledges that this risk is inherent in its business model. The Group seeks to minimise exposure to this risk by designing complimentary asset and liability products which mitigate interest rate risk and through interest rate hedging.

Management of interest rate risk is a key part of the Group's business model. The Group's management of interest rate risk has the following key components:

- Active hedging of the balance sheet using interest rate swaps to reduce the exposure to interest rate risk;
- Management of the asset and liability pricing to control the differences in the duration profile of the assets and liabilities;
- Management of the LAB within the LAB Tenor Limit to reduce interest rate risk exposure; and
- Designing products which mitigate interest rate risk, for example by inclusion of early repayment charges in the products.

The Group manages its IRRBB to an agreed risk appetite, which is set out in the Group's ICAAP document. Balance Sheet Interest Rate Sensitivity Limit: The balance sheet's exposure to interest rate risk is managed so that the economic impact of a 100bp parallel shift in the yield curve must be less than the equivalent Pillar 2A capital allocation. This is reviewed at least annually as part of the ICAAP process and can only be changed with Board approval. The Group regularly monitors and reports its exposure to IRRBB, which consist of risk appetite metrics and a suite of Early Warning Indicators (EWIs) to senior management, including the ALCO, and the Board.

Following the sale of the house price derivatives relating to PM, BTL and IPS mortgages, the Group's direct exposure to house price risk is immaterial.

24.4 Climate change risk

Climate change risks include risks which relate to specific weather events, such as storms and flooding, or to longer-term shifts in the climate, such as rising sea levels. These risks could include adverse movements in the value of certain properties that are in coastal and low-lying areas, or located in areas prone to increased subsidence and heave. Other risks may arise from the adjustment towards a low-carbon economy, such as tightening energy efficiency standards for domestic and commercial buildings. These risks could include a potential adverse movement in the value of properties requiring substantial updates to meet future energy performance requirements. Further risks arise from a failure to meet changing societal, investor or regulatory demands.



The Board Risk Committee monitors emerging legislation and climate related risks on a periodic basis, with particular focus upon requirements for BTL landlords. Castle Trust Bank has, from time-to-time, launched price differentiated property products for collateral meeting specific EPC requirements. The Customer and Social Responsibility Committee oversees Castle Trust Bank's ESG programme.

25. Maturity profile of all financial assets and liabilities

Investments, trade and other receivables, cash and cash equivalents, trade and other payables are all carried at historic cost for maturity analysis purposes. As they are all short term items that will crystallise within one month or less, this is a close if not exact cash equivalent value.

Financial assets at fair value (mortgages) are discounted for up to 30 years, therefore the undiscounted cash values as at 30 September 2025 are significantly higher than the fair value. The timing of the cash flows also reflects the Group's contractual maturity dates. Amounts due to customers at amortised cost comprise principally of term deposits which are often reinvested upon maturity.

The analysis is based on the remaining period to the contractual maturity date based on undiscounted cashflows. The tables below indicate the maturity profile of the Group and Company's financial assets and liabilities as at 30 September 2025.

Group As at 30 September 2025	Within 1 year £'000	1-3 years £'000	3-5 years £'000	5-10 years £'000	Over 10 years £'000	Total £'000
Financial assets						
Cash and cash equivalents	329,832	-	-	-	-	329,832
Amounts due from credit institutions	15,053	-	-	-	-	15,053
Debt instruments	20,301	-	-	-	-	20,301
Trade and other receivables	1,245	-	-	-	-	1,245
Corporation tax receivable	1,506	-	-	-	-	1,506
Loans to customers						-
At amortised cost	431,215	399,468	451,070	19,154	206	1,301,113
Designated at fair value through profit or loss	-	-	-	-	-	-
Derivative financial instruments	747	401	594	-	-	1,742
	799,899	399,869	451,664	19,154	206	1,670,792
Financial liabilities						
Trade and other payables	20,457	-	-	-	-	20,457
Corporation tax payable	327	-	-	-	-	327
Amounts due to credit institutions	1,733	-	-	-	-	1,733
Lease liabilities	480	746	-	-	-	1,226
Amounts due to customers						
At amortised cost	1,144,074	263,508	57,719	33	-	1,465,334
At fair value through profit or loss	53	-	-	-	-	53
Derivative financial instruments	1,252	3,163	611	-	-	5,026
Subordinated liabilities	-	-	-	15,759	-	15,759
	1,168,376	267,417	58,330	15,792	-	1,509,915
Cumulative liquidity gap	(368,477)	132,452	393,334	3,362	206	160,877
Loan commitments	107,467	-	-	-	-	107,467



Company	Within 1 year	1-3 years	3-5 years	5-10 years	Over 10 years	Total
As at 30 September 2025	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets						
Debt instruments	15,000	-	-	-	-	15,000
	15,000	-	-	-	-	15,000
Financial liabilities						
Subordinated liabilities	15,000	-	-	-	-	15,000
	15,000	-	-	-	-	15,000
Cumulative liquidity gap	-	-	-	-	-	-

Group	Within 1 year	1-3 years	3-5 years	5-10 years	Over 10 years	Total
As at 30 September 2024	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets						
Cash and cash equivalents	121,371	-	-	-	-	121,371
Amounts due from credit institutions	12,254	-	-	-	-	12,254
Debt instruments	63,810	-	-	-	-	63,810
Trade and other receivables	914	-	-	-	-	914
Corporation tax receivable	621	-	-	-	-	621
Loans to customers						-
At amortised cost	415,578	159,753	84,782	477,756	5,751	1,143,620
Derivative financial instruments	323	1,218	95	-	-	1,636
	614,871	160,971	84,877	477,756	5,751	1,344,226
Financial liabilities						
Trade and other payables	9,307	-	-	-	-	9,307
Corporation tax payable	-	-	-	-	-	-
Amounts due to credit institutions	1,614	-	-	-	-	1,614
Lease liabilities	247	23	-	-	-	270
Amounts due to customers						
At amortised cost	812,779	137,636	7,428	-	-	957,843
At fair value through profit or loss	97	52	-	-	-	149
Derivative financial instruments	37	2,722	1,932	-	-	4,691
Subordinated liabilities	910	1,820	1,820	11,550	-	16,100
	824,991	142,253	11,180	11,550	-	989,974
Cumulative liquidity gap	(210,120)	18,718	73,697	466,206	5,751	354,252
Loan commitments	76,835	-	-	-	-	76,835

Company	Within 1 year	1-3 years	3-5 years	5-10 years	Over 10 years	Total
As at 30 September 2024	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets						
Debt instruments	910	1,820	1,820	11,550	-	16,100
	910	1,820	1,820	11,550	-	16,100
Financial liabilities						
Subordinated liabilities	910	1,820	1,820	11,550	-	16,100
	910	1,820	1,820	11,550	-	16,100
Cumulative liquidity gap	-	-	-	-	-	-



Loans to customers at amortised cost as shown in the maturity profile is based on the contractual payment profile. Expected customer payments over time will differ due to early repayments prior to the maturity date. The table below shows the timing of the undiscounted cash flows that reflects expected customer payment behaviour.

	Within 1 year £'000	1-3 years £'000	3-5 years £'000	5-10 years £'000	Over 10 years £'000	Total £'000
As at 30 September 2025						
Financial assets						
Loans to customers						
At amortised cost	468,849	406,463	407,930	17,868	-	1,301,110
	Within 1 year £'000	1-3 years £'000	3-5 years £'000	5-10 years £'000	Over 10 years £'000	Total £'000
As at 30 September 2024						
Financial assets						
Loans to customers						
At amortised cost	420,112	238,218	246,706	130,765	209	1,036,010
	420,112	238,218	246,706	130,765	209	1,036,010

26. Share capital

The following table sets out the movement in share capital of Castle Trust Holdings Limited during the year.

	2025 £'000	2024 £'000
Issued and fully paid:		
At beginning and end of year 81,496,774,170 (2024: 81,496,774,170) ordinary shares of 0.1p each	81,497	81,497

The other reserve of £57,916,000 (2024 : £57,916,000) arose on the reconstruction of the group and is the difference between the nominal value and the fair value of the shares issued in exchange for the shares of the Group's previous parent.

27. Reconciliation of financing liabilities

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	At 1 Oct 2024 £'000	Cash flows £'000	Interest accretion £'000	Other non-cash movements £'000	Fair value changes £'000	At 30 September 2025 £'000
Group						
Lease liabilities	270	(469)	59	1,238	-	1,098
Subordinated liabilities	7,632	8,000	127	-	-	15,759
	At 1 Oct 2023 £'000	Cash flows £'000	Interest accretion £'000	Other non-cash movements £'000	Fair value changes £'000	At 30 September 2024 £'000
Lease liabilities	766	(575)	14	65	-	270
Subordinated liabilities	-	7,000	632	-	-	7,632



28. Commitments

In 2025, the Group had future aggregate minimum lease payments under non-cancellable operating leases that fell due as follows:

	2025 £'000	2024 £'000
Within one year	480	504
Between one and five years	746	1,166
	1,226	1,670

Non-cancellable mortgage and consumer loan commitments total £107,467,000 (2024: £76,835,000).

29. Ultimate controlling party

Castle Trust Holdings Limited's immediate and ultimate parent company is CTC Holdings (Cayman) Limited which is incorporated in the Cayman Islands. Castle Trust Holdings Limited is the smallest and largest group for which the results of the Company are consolidated. The registered address is disclosed on page 3. The ultimate controlling party of the Group is Mr James Christopher Flowers.

30. Long term incentive scheme

Castle Trust Bank operates a management incentive scheme.

Members of management were previously awarded B Ordinary shares of the Group's holding company, Castle Trust Holdings (Cayman) Limited (under "MIP 3"). The MIP 3 B shares vest at the grant date, which is the date that the award is communicated to the employee. The following table summarises the number of shares, brought forward, granted in the period, forfeited, cancelled/redeemed and carried forward. B shares were redeemed at nil value.

A new scheme ("MIP 4"), in addition to the prior scheme, was launched in January 2023. Shares are now awarded in the Castle Trust Holdings Limited via a nominee company and vest at 4 years at 5% per quarter from 1 January 2023 with the final 20% on Exit.

Year ended 30 September 2025 MIP 3	Brought Forward	Granted in the year	Forfeited, cancelled	Redeemed	Carried forward
Highest paid director	25,600	0	0	0	25,600
Directors	15,000	0	0	0	15,000
Other	39,246	0	0	0	39,246
Total	79,846	0	0	0	79,846

Year ended 30 September 2024 MIP 3	Brought Forward	Granted in the year	Forfeited, cancelled	Redeemed	Carried forward
Highest paid director	25,600	0	0	0	25,600
Directors	15,000	0	0	0	15,000
Other	39,246	0	0	0	39,246
Total	79,846	0	0	0	79,846

The fair value of all B shares granted in the period under MIP 3 was £ nil (2024: £nil). £ nil has been transferred to the tax authorities in respect of the issue of the shares. Based on the current valuation of Castle Trust Bank there would be no payment due in respect of the shares on an exit event. As such an independent valuation was commissioned which calculated the fair value based on a Black Scholes model using the current value of Castle Trust Bank and the volatility of comparative banks to calculate the option value of the shares.

There are 2 directors (2024: 2 directors) with interests in the MIP 3 scheme.



Year ended 30 September 2025 MIP 4	Brought Forward	Granted in the year	Forfeited, cancelled	Redeemed	Carried forward
Highest paid director	3,056,129,031	0	0	0	3,056,129,031
Directors	1,222,451,612	0	0	0	1,222,451,612
Other	4,724,775,472	0	-	0	4,724,775,472
Total	9,003,356,115	0	-	0	9,003,356,115

Year ended 30 September 2024 MIP 4	Brought Forward	Granted in the year	Forfeited, cancelled	Redeemed	Carried forward
Highest paid director	3,056,129,031	0	0	0	3,056,129,031
Directors	1,222,451,612	0	0	0	1,222,451,612
Other	4,908,143,214	36,673,548	(220,041,290)	0	4,724,775,472
Total	9,186,723,857	36,673,548	(220,041,290)	0	9,003,356,115

The fair value of shares granted in the year under MIP 4 was £0 (2024: £1,000). £ nil has been transferred to the tax authorities in respect of the issue of the shares and the related bonus.

The weighted average share price of shares granted was £ nil. The exercise price of shares is £ nil (2024: £ nil).

There are 2 directors (2024: 2 directors) with interests in the MIP 4 scheme.

31. Related party transactions

Key management personnel

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Group and its employees. The Group considers the members of the Board of directors and the Executive Committee to be key management personnel for the purposes of IAS 24 Related Party Disclosures. Please refer to Note 6 for details of transactions with them.

During the year the Company issued a subordinated bond to its immediate parent immediate parent company CTC Holdings (Cayman) Limited as detailed in note 22. A back-to-back subordinated loan with matching terms was issued by Castle Trust Capital Plc (a wholly owned subsidiary) to the Company.

During the year the Group received £1,020,000 (2024: £1,020,000) from CTC Holdings (Cayman) Limited as an administration fee for the ongoing servicing of the legacy index linked mortgage book.

32. Capital management

The primary objectives of the Group's capital management policy are to ensure that the Group complies with externally imposed capital requirements and maintains an appropriate capital position, relative to its risk, in order to support its business.

Castle Trust Capital plc is subject to FCA and PRA regulation and is additionally subject to the requirements of the Capital Requirements Regulation which governs capital levels. Regulatory capital requirements of 8% of Risk-Weighted Assets (RWAs) are monitored as part of the overall management of capital, with Key Risk Indicators assigned and monitored for regulatory capital ratios. During the current and prior year the Group complied with all external regulatory capital requirements.

The Group manages its capital structure to reflect changes in the prevailing economic conditions and the risk characteristics of its activities. The Group may adjust the quantum, tenor or riskiness of its activities and hedging strategies in order to reduce the risk that it runs, including exposures to house price, credit, interest rate, and operational risk. The Group may also seek to issue additional capital instruments. The Group's Board regularly reviews its capital position and has instituted objectives, policies and procedures for the sound management of its capital position.



Regulatory capital consists of CET1 capital, which comprises share capital, share premium, retained earnings.

As at 30 September 2025, the Group's total equity was £126.8m (2024: £120.1m).

33. Operating segments

The Group segments its lending business and operates under three reportable segments: Core Property, Consumer Loans and Non-Core Property/Other. The Group's Chief Operating Decision Maker (CODM), being the Board, reviews monthly management information for each segment to assess performance and allocate resources. The following summary describes each reportable segment within the Group:

- Core Property comprises Residential Owner-Occupied Mortgages, Buy-to-Let Mortgages, and Development Finance. This segment focuses on providing mortgage solutions to landlords and homebuyers, primarily through intermediary channels.
- Consumer Loans represents the Group's consumer lending business, offering tailored funding solutions to small and medium-sized retailers through its product suite.
- Non-Core Property/Other includes legacy index-linked mortgages and a Wholesale lending facility to a special purpose vehicle.

These reportable segments are made up of four operating segments, which includes Core Property, Consumer Loans, Non-Core Property and Wholesale Lending. A decision was made to aggregate Wholesale lending within the Non-Core Property/Other reportable segment, as this business line is not part of the regular business offering of the Group.

The Group applies consistent accounting policies across all segments.

The financial position and results of operation of the above segments are summarised below:

2025	Core Property Loans £'000	Omni £'000	Non-Core Property/Other £'000	Total £'000
Balances at the reporting date				
Gross loans and advances to customers	1,070,445	203,597	31,120	1,305,162
Expected credit losses	(16,008)	(9,517)	(3,053)	(28,578)
Loans and advances to customers	1,054,437	194,080	28,067	1,276,584
Profit or loss for the period				
Interest and similar income	74,361	27,556	2,686	104,603
Interest and similar expense	(41,497)	(9,619)	(2,850)	(53,948)
Other income / (expense)	(446)	487	1,023	1,064
Total income	32,436	18,424	859	51,719
Impairment losses	(6,839)	(2,754)	(2,051)	(11,644)
Contribution to profit	25,597	15,670	(1,192)	40,075
Administration expenses	(13,992)	(12,183)	(1,197)	(27,272)
Depreciation and amortisation	(2,135)	(1,129)	(39)	(3,303)
Profit before taxation	9,470	2,358	(2,428)	9,400



2024	Property ECL Impact £'000	Property ECL Impact £'000	Customer Loans ECL Impact £'000	Total ECL Impact £'000
Balances at the reporting date				
Gross loans and advances to customers	637,575	219,867	43,106	900,548
Expected credit losses	(10,502)	(9,844)	(1,841)	(22,187)
Loans and advances to customers	627,073	210,023	41,265	878,362
Profit or loss for the period				
Interest and similar income	50,721	30,254	3,147	84,122
Interest and similar expense	(26,277)	(10,110)	(2,893)	(39,280)
Other income / (expense)	(490)	87	925	522
Total income	23,954	20,231	1,179	45,364
Impairment losses	(3,965)	(2,810)	(811)	(7,586)
Contribution to profit	19,989	17,421	368	37,778
Operating expenses	(12,374)	(11,507)	(1,770)	(25,651)
Depreciation and amortisation	(1,740)	(1,179)	(113)	(3,032)
Profit before taxation	5,875	4,735	(1,515)	9,095

34. Contingent liabilities

The Group operates in a legal and regulated environment that exposes it to litigation and regulatory risks. As a result, the Group receives complaints, is subject to threatened or actual legal proceedings and manages regulatory enquiries and investigations, and is in continual dialogue with the Regulator, Financial Ombudsman and HMRC to ensure the compliance of its products. Where it is concluded that it is more likely than not that a payment will be made a provision is raised based on management's best estimate of the amount payable. All material matters, if any, are subject to periodic review to determine if they can be reasonably estimated. The Company does not expect the ultimate resolution of any matters to have a materially adverse impact on its financial statements except where already provided. Individual FOS fees and remediation costs where they are probable are provided for within provision for liabilities.

35. Events after the reporting date

As at the date of signing the financial statements, there has been one event that is considered by the Directors as non-adjusting events:

- the wholesale loan (amortised cost of £19,975,000 at 30 September 2025) has been redeemed in its entirety and proceeds were received in full in October 2025;

These events have been considered by the Directors in their assessment of risk and the Group's ability to continue as going concern. There are no other adjusting or non-adjusting events after the reporting date.





Castle Trust Bank means Castle Trust Capital plc, a company incorporated in England and Wales with company number 07454474 and registered office at 10 Norwich Street, London, EC4A 1BD. Castle Trust Capital plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, under reference number 541910.