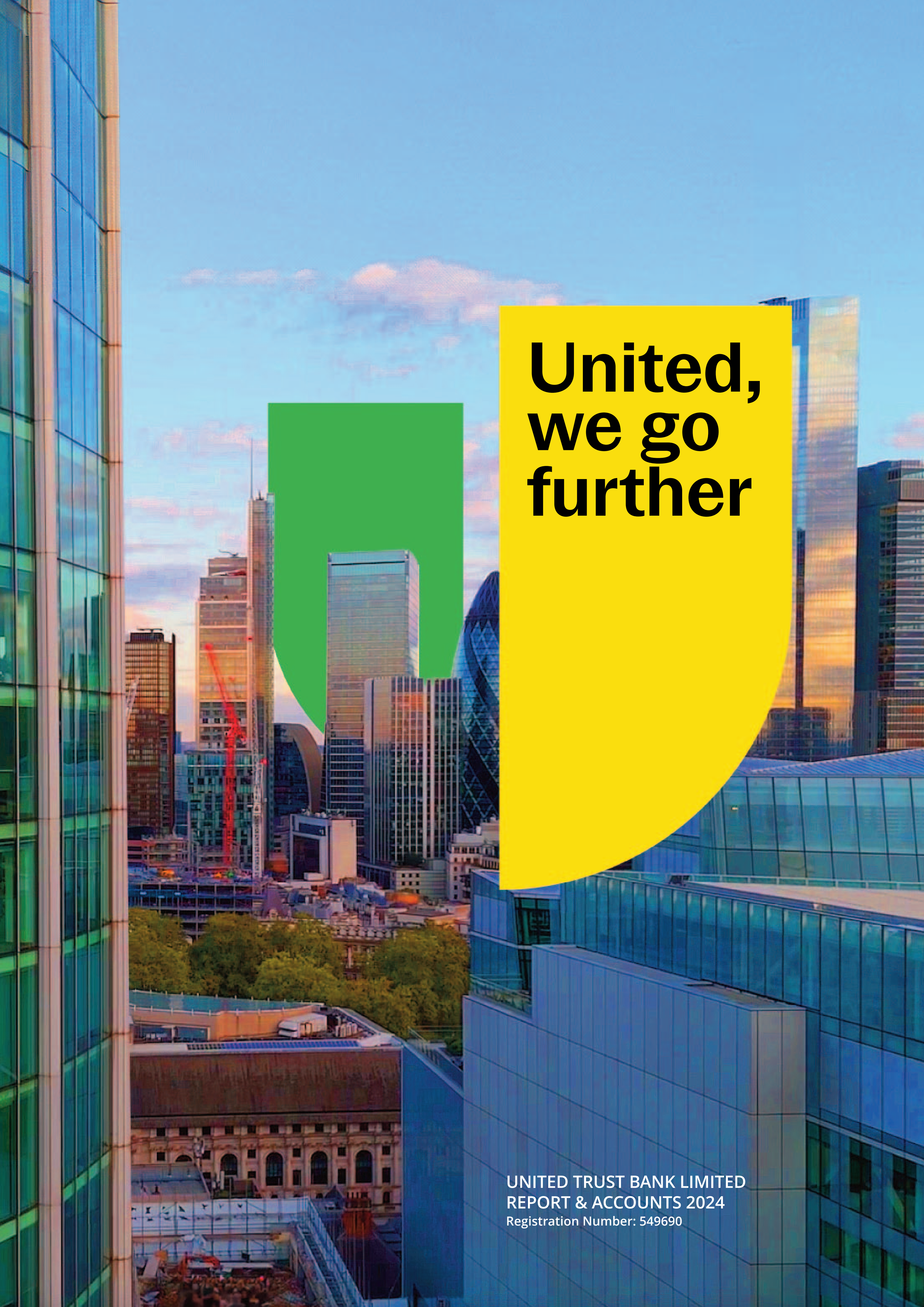


United, we go further

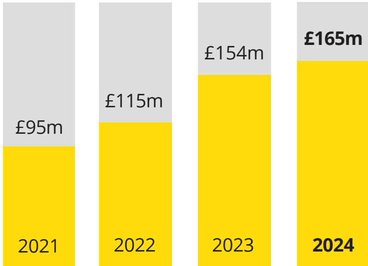
UNITED TRUST BANK LIMITED
REPORT & ACCOUNTS 2024

Registration Number: 549690

Contents

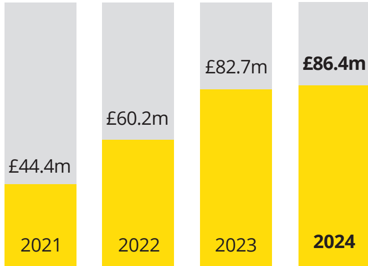
2024 Key Performance Indicators

£165m
Operating Income



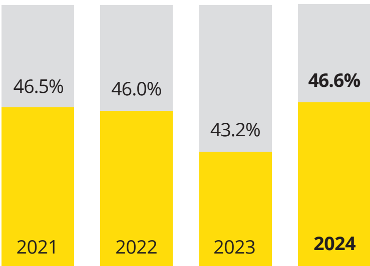
Loan book growth resulted in operating income increasing by 7%

£86.4m
Profit Before Tax



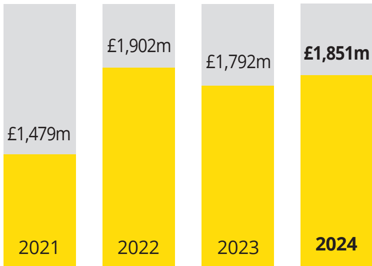
Profit before tax growth was 4%

46.6%
Cost Income Ratio



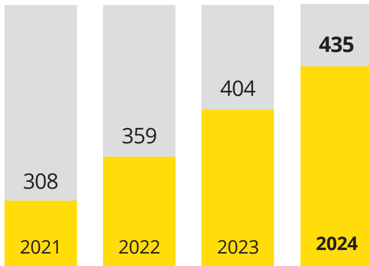
Increase due to investment in technology, people and product development and a lower net interest margin

£1,851m
Gross New Lending



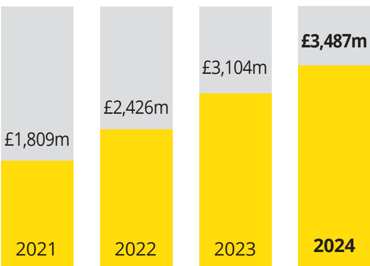
Strong origination growth in H2 2024, following a slow H1 in light of the economic outlook at end 2023

435
Staff Numbers



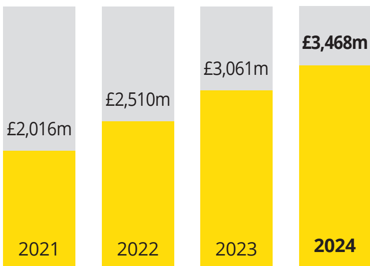
8% increase in staff numbers to support continued growth and development

£3,487m
Loan Book



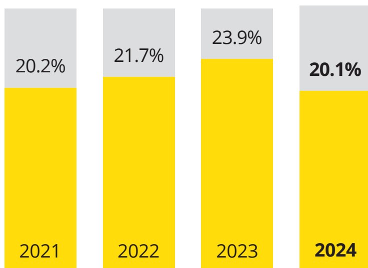
Loan book activity accelerated in the second half with year on year growth of 12%

£3,468m
Deposit Book[1]



Funding increased by net 13% driven by a 22% increase in customer deposit balances, enabling early repayment of TFSME scheme

20.1%
Return on Equity[2]



Continued performance highlights the Bank's ability to generate long term value and returns through the cycle

1 Includes Bank of England funding schemes
2 Return on Equity is calculated net of the coupon paid on contingent convertible securities

Chair’s report

The UK economy experienced a gradual recovery in 2024, with growth stabilising and inflation easing, supporting a modest improvement in sentiment. However, political uncertainties, including the UK and US elections, ongoing global conflict and interest rates staying higher for longer than expected, created a challenging economic environment particularly at the start of the year. Pleasingly, by the end of the year, inflation had fallen to its lowest level in more than two years, marginally above the Bank of England target of 2.0%. Notwithstanding the uncertainty in H1 2024, United Trust Bank (“UTB”, “the Bank”) made significant progress, achieving a number of its strategic objectives.

UTB’s financial performance continues to demonstrate the resilience of its business and the strength of its team, with the Bank reporting a Return on Equity of 20.1% in the year. UTB’s lending businesses continued to deliver growth, albeit at a reduced pace in the first half of 2024, reflecting measures taken in 2023 to reduce lending appetite due to the economic environment and outlook at that time. UTB has been successfully building its business and brand for over 20 years with a strong focus on recruiting the best people, developing the Bank’s product range, and adopting a disciplined approach to growth. It continues to focus on these factors.

In December 2024 the Bank announced that it had reached agreement with Warburg Pincus, a pioneer of private equity global growth investing, under which they will take a minority interest in the Bank’s holding company, UTB Partners Plc (“UTBP”). Warburg Pincus will purchase existing shares and subscribe for newly issued shares, and the transaction is due to complete by 31 March 2025. This will further strengthen the CET1 capital position, and it is a particularly important milestone for UTB to introduce a new partner with a global reputation. Additionally, in February 2025, UTBP placed £50m of Additional Tier 1 capital to a pool of institutional investors, which further bolsters the Group’s growth capital. The Board is pleased with the progress made and is confident that the Bank’s business model, now supported by Warburg Pincus and the Additional Tier 1 issue, provides the flexibility to deliver long-term value and seize new growth opportunities.

I would like to thank my colleagues on the Board for their valuable contributions throughout the year, and particularly acknowledge departing member Stephen Lockley. Stephen chaired a number of important committees of the Bank and provided leadership and strategic direction to the Board. We are all very grateful to Stephen for his significant and valuable contributions and expertise over the past 11 years. He will be greatly missed. My fellow Board members and I were also pleased to welcome two new non-executive directors in 2024, Bryce Glover and Richard Doe, who both bring extensive industry experience. The Board continues to assess its membership and committee composition to ensure a balanced mix of skills and expertise.

I have once again been pleased to observe that the Bank’s strong and distinctive culture remains firmly embedded within the organisation and that this has been reflected in the refreshed brand which was launched in the year. The Bank’s employees have consistently demonstrated their commitment to supporting customers, clients, partners and each other. I would like to take this opportunity to convey my sincere appreciation to them for their hard work and dedication throughout the year. I am confident that the team will continue to deliver on the Bank’s purpose.

Richard Murley
Chair
28 February 2025

Chief Executive Officer's Report

2024 has been an encouraging year for UTB with the launch of its new brand; successfully agreeing a deal with Warburg Pincus; and making continued progress with the Bank's strategic priorities. It has been a year of significant investment as well as strengthening UTB's capital position to facilitate future growth, whilst supporting the Bank's customers, people, suppliers, and communities and delivering attractive returns for its shareholders. The macroeconomic environment over recent years has been uncertain and the Bank has worked hard to remain flexible and to support its customers. The Bank's underlying results reflect the strength of its business model and its growing digital proposition. UTB's performance also highlights the exceptional skills, dedication, and commitment of its employees, who are key to the Bank's continued success.

The agreement with Warburg Pincus, to acquire a minority interest in the Bank's parent holding company, UTBP, is due to complete by 31 March 2025 and will support the continuation of UTB's strong growth and its expansion into new products and markets. This is a significant endorsement of UTB's strategy and prospects. As a pioneer of private equity global growth investing, Warburg Pincus have a strong history of partnering with high-quality businesses and helping management teams build long-term sustainable growth. They will be joining UTB to help accelerate the Bank's growth and provide support and experience as the Bank surpasses a £4 billion balance sheet and explores new opportunities.

To further bolster the Bank's capital base and provide capital for growth, in February 2025, UTBP issued £50m of Additional Tier 1 capital to a pool of institutional investors. This inaugural institutional placing enhances the Group's relationship with this investor base. The capital was passed down to UTB via a simultaneous AT1 issue from UTB to UTBP.

Performance

UTB delivered a robust trading performance in 2024, with a Return on Equity of over 20%. The Bank started 2024 with tightened underwriting criteria in light of the economic uncertainty at the end of 2023, and this slowed growth in the first half of 2024. The fall in inflation across 2024 towards the BoE target of 2% and the reduction in interest rates in 2024 increased market confidence, and the Bank's loan book growth rate increased in the second half of the year. As anticipated, the effect of the interest rate increases across 2022 and 2023, which inflated UTB's net interest margin in those years, unwound and margins narrowed, reducing interest income growth. The impact of inflation on operating costs, as well as the Bank's continued investment in people, product development, brand and digital strategy resulted in profit before tax remaining broadly in line with the prior year at £86.4m but substantially higher than 2022, averaging 25% year on year growth across the last four years. Careful and considered management of the Bank's loan book has remained a core focus, contributing to the low impairment charge in the year, which equates to a 5-basis point cost of risk despite challenging economic conditions.

Considered Growth

UTB's lending businesses saw loan book growth of 12%, supported by a 3% increase in originations. Loan book growth was tempered by a higher level of repayments in the Bank's property businesses, reflecting a gradual recovery in transaction volumes in the housing market. All five lending businesses grew their loan books, with significant growth in Asset Finance and Mortgages. In Asset Finance, the Bank is now seeing the benefit of additional lending from its Block Finance proposition. In Mortgages, despite competition from new entrants, the Bank has benefited from growth in the second charge market, and continuing growth in its maturing Buy to Let proposition. First charge lending was more subdued in 2024 as the Bank relaunched its proposition and expects to see increased lending in this segment in 2025.

In our property businesses, Property Development saw good origination growth, and we expect growth to be further supported by the development of the Bank's Build to Rent capability. Bridging Finance originations and loan book were at similar levels to 2023, reflecting more competitive markets. In Structured Property Finance, the Bank saw double digit loan book growth, and we have developed our Strategic Partnerships proposition, which we plan to launch in Q1 2025. This will create new channels for UTB to support lending into the specialist market. During the year the Bank opened a Manchester office to support its brokers and customers in the north of England.

In support of UTB's growth strategy, we have continued to invest in our digital lending platforms during 2024, with investment in a new broker portal for Asset Finance; replacement and upgrade of Property Development's workflow tools; and continued improvement to our Mortgage platform to support broker service. The Bank also invested in new HR and FP&A platforms, as well as a new Treasury system and further developed the Bank's data strategy. This investment programme will continue in 2025.

The lending portfolio, which reached £3.5bn in the year, has been funded by a corresponding growth in deposit balances. UTB continues to enhance the way it is funded by diversifying funding options with new products, broadening our customer base and expanding distribution channels. In the year, we increased our activity in the ISA, SME and charity markets, to fund the Bank's lending growth and the repayment of Term Funding Scheme with additional incentives for SMEs ("TFSME") borrowing. Additionally, we grew our relationship-led deposit service, which provides bespoke solutions and competitive rates for businesses, charities and schools which hold larger deposits. This was supported by the successful delivery of an enhanced online banking solution, enabling access to new markets and new product lines.

Brand Relaunch

In 2024, UTB launched its refreshed and vibrant brand that captures and communicates the values that make UTB a great business. The Bank's beliefs and commitment to outstanding service remain the same, with people and relationships at the heart of everything we do. We understand that it is not only what the Bank achieves that matters, but how we achieve it, and this exciting evolution builds on UTB's strong foundations. By evolving our brand, we hope to communicate perspective and reliability, as well as deepen the trust and loyalty we have built with our staff and customers. At the core of UTB's brand is the belief that we can achieve more together and that united, we go further.

Risks and Uncertainties

In H1 2024, the UK economy returned to positive GDP growth following a shallow recession in the second half of 2023. Inflation reduced from c.4% at the start of the year to c.2.5% by December 2024. The Bank of England reduced the base rate in August and November. The interest rate outlook for 2025 is for a continued gradual reduction in rates (with a 25bps base rate reduction announced in February 2025), although the timing of these cuts is uncertain given a small resurgence in inflationary pressures, both domestically and internationally. Financial markets are signalling a slower reduction in interest rates in 2025 than previously forecast. There remains the risk that interest rates will be higher for longer than expected. Whilst more stable than in recent years, the outlook for interest rates, and hence margins, remains uncertain.

The Bank's operational risk profile and resilience remain key areas of focus. In 2024, UTB successfully navigated heightened cyber threats, including third-party ransomware incidents and brand misuse. The Bank conducted blind tests of its detective and preventative controls to ensure their effectiveness and continued staff cyber training. UTB also continues to review its risk register, upgraded its risk systems and reviewed their integration with incidents, complaints, and assurance work. Additionally, the Bank advanced its Operational Resilience approach to further its regulatory compliance for important business services by end March 2025. This work addresses prevention, detection, response, and recovery from operational incidents, with a particular focus on managing risks from third-party suppliers and ensuring their operational resilience.

Commitment to a Sustainable Future

UTB's sustainability agenda remained an area of focus in the year. The Bank continues to evolve its approach to managing carbon emissions from financing and more information can be seen on pages 14 to 18.

We celebrate diversity in the workplace and are committed to maintaining an inclusive culture where all employees can feel proud to work for UTB. Diversity and Inclusion programmes have progressed significantly, with the gender pay gap halving since 2019. A number of significant, experienced female hires were made during 2024. The Bank has enhanced several initiatives during the year, including improved conduct and culture training, inclusivity training and celebrations for Pride and International Women's Day.

At UTB, we are committed to having a positive impact on the communities in which we live and work and we recognise that our people are often the driving force behind many community and charity activities. This has been a significant focus in 2024 with the introduction of a volunteering day for every employee across the Bank. During 2024, the Bank identified three areas that it wanted to support, including providing food to those in need, giving opportunity to young people as well as helping those who may be homeless. We therefore partnered with Food Bank Aid and the Whitechapel Mission through donations as well as volunteering with those organisations. The Bank also partnered with ThinkForward, running a mentoring programme to help young people, and with Rocket Reach, to support its sleeping bag programme. These are all worthy initiatives which the Bank and its staff are proud to support and enable.

Customers

UTB has been recognised over many years for its excellent customer focus. This is reflected in the 27 industry awards we won this year and the additional highly commended placings achieved. Our Trustpilot score of 4.6 out of 5 and our consistently low levels of customer complaints demonstrates our commitment to delivering good outcomes for our customers in line with our values. We constantly seek opportunities to refine our technology propositions to enhance customer journeys and customer satisfaction. Using digital and data to enhance UTB's customer journeys further, we have increased automation across core lending platforms, launched an updated online banking platform and standardised and simplified our customer onboarding process.

The FCA's Consumer Duty requires firms to act to deliver good outcomes for retail customers, setting a higher standard of consumer protection and further equipping customers to make effective decisions. UTB has remained focused on continuing to embed its compliance with the Consumer Duty into our daily activities. During the year, we developed a Customer Experience Committee to hear our customer's voice, address difficulties in the customer journey and ensure that products and services are appropriately designed and delivered in a way that enhances our customer's experience.

People

UTB has consistently focused on employee engagement to support the wellbeing and needs of our people, and this is reflected in the reduced attrition rate reported in the year which is well below the industry average. I am delighted with the positive scores achieved in the Bank's most recent employee survey, reflecting UTB's strong sense of belonging and distinctive culture. I am also particularly impressed that the Bank has retained a high engagement score of 75%, given we now employ over 430 people.

We remain committed to developing our employees, ensuring they are supported through internal training programmes, professional qualifications, careers fairs and the Bank's new cultural framework, which was launched in the year and is aligned to our brand and purpose. To further support our people, we also established employee led networks including Boost to support emerging talent to connect, learn, and grow together; and the *"Ellevate"* Network, which helps UTB's women in their careers through a programme of inclusive events, initiatives and support.

The Bank's growth story over the last 20 years would not have been delivered without the exceptional people who work diligently every day to build the Bank and deliver outstanding products and services to our customers, and for that I wish to sincerely thank them. United, we really do go further.

Outlook

We continue to closely monitor the UK economy and macroeconomic environment as the UK now appears to be entering a period of relative stability, in which improved consumer and business confidence is anticipated. Whilst it is too early to predict the impact of these changes, I remain confident in the Bank's strategy and committed to further sustainable growth across our chosen specialist markets.

More information on the Bank's strategy can be seen throughout the rest of the Strategic Report on pages 6 to 18.

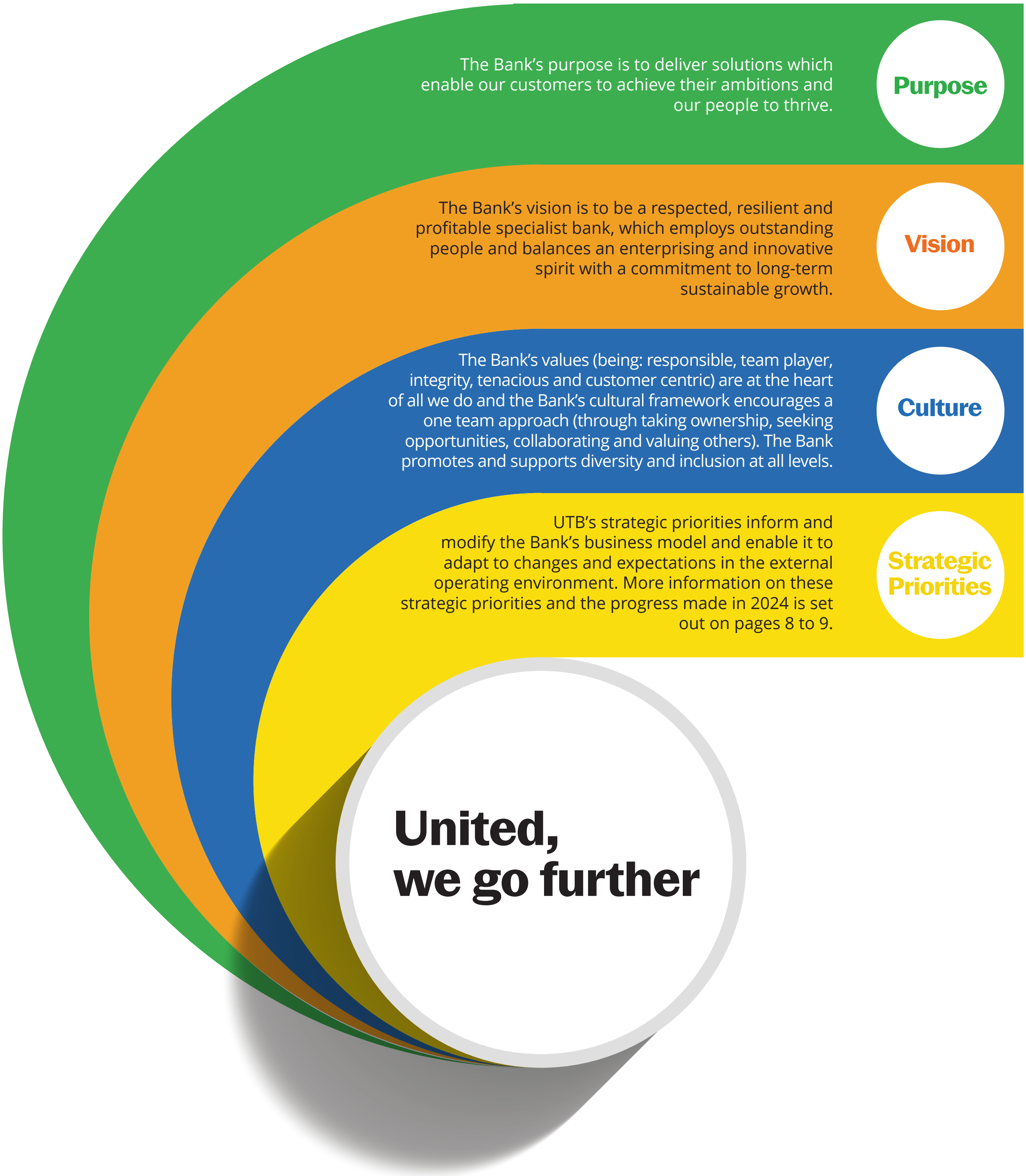
Harley Kagan
Chief Executive Officer
28 February 2025

Business Model

Principal activities and business model

What we do

The Bank operates solely in the UK as a credit institution, raising capital and deposits and lending these funds to a range of borrowers in niche markets. It is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. The Bank's strategic focus is on developing and deploying expertise in a set of specialist markets where its market position is defensible and has attractive growth potential.



The Bank's purpose is to deliver solutions which enable our customers to achieve their ambitions.

Strategic Priorities

The Bank's strategic priorities provide focus on implementing the basics well and leveraging its unique strengths to accelerate growth. The progress made since launching these strategic priorities is reflected in the key achievements delivered for all of our stakeholders, and the risk adjusted returns with a ROE of 20.1% achieved in 2024 (2023: 23.9%).

People

Brand Reputation

Considered Growth

Customer Focus

Credit Quality

Digital Strategy

Diversified Funding

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

- Successfully recruited two experienced non-executive directors to the Board and a successor into the Chief Operating Officer role
- Launched new UTB culture framework which is aligned to the Bank's brand and purpose
- Reduced staff attrition, which remains below the finance industry average of 18.6%
- Established employee led networks including, Boost for early careers, *"Ellevate"*, for Women at UTB and charity and volunteering days
- Supported its people to obtain external professional qualifications including ACCA, CeMAP Mortgages, CPSP and CBI Professional Banking

Build a brand and culture to be proud of

- Following extensive work with internal and external stakeholders, launched UTB's new vibrant and modern brand that captures the Bank's core values
- Trustpilot ranking of 4.6 achieved by keeping customers at the heart of the Bank's operations
- Won 27 industry awards and highly commended placings
- Grew the Bank's LinkedIn community to 36,000 connections

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

- Successfully reached agreement for Warburg Pincus to acquire a minority equity interest in the Group
- Developed a three-year growth strategy and plan taking the Bank into new specialist lending segments, including Living Sectors and Strategic Partnerships
- Expanded our market proposition in Asset Finance, Bridging Finance and Mortgages with new products and services
- Opened UTB office in Manchester to support growth of the Bank and its customers in the north of England

Improve customer experience and good outcomes through

- Increased the number of deposit accounts to 63,000 in 2024, an increase of 21% and increased the number of lending customers to 27,000 in 2024, an increase of 10%
- Trustpilot ranking of 4.6 achieved, won 27 industry awards and highly commended placings
- Maintained consistently low levels of complaints
- Standardised and simplified complex business processes including customer onboarding (CDD/KYC) across multiple products
- Entered new market segments to serve a greater range of customers and support growth strategy

Maintain excellent credit quality and our conservative foundations

- Continuously reviewing and anticipating changes to the macroeconomic and regulatory landscape and adapting credit appetite appropriately
- Despite ongoing uncertainty in the market in 2024, credit quality remained robust
- Impairment charges decreased in the year to £1.7m, equating to a cost of risk ratio of 0.05%
- Focus on credit quality and returns rather than overall growth or market share

Build a scalable user-friendly technology platform that enables growth

- Further improvements to managing change, ensuring the Bank delivers impactful technology solutions in line with expectations, successfully completing 20 initiatives in 2024
- Launched a new Asset Finance broker portal, enhanced automated decisioning within the existing Bridging Finance and Mortgages portals, launched upgraded online banking experience for deposit customers
- Completion of a new data warehouse, with ongoing roll out across the Bank, to increase automation and speed of submission of returns to the regulators and improved operational management information
- Improved oversight and management of operational risk through enhancing the use of existing technology

Enhance the way the Bank is funded to maintain diversification and optimise NIM

- Upgraded online banking solution enables access to new markets and new product lines
- New initiatives increased activity in the ISA, SME and charity markets
- Targeted marketing and distribution to deliver a reduction in the cost of funds by attracting comparatively lower cost products to the deposits mix
- Growth of the Bank's relationship led Deposits Solutions service which provides bespoke solutions and competitive rates for businesses, charities and schools which hold larger deposits

Financial Overview

Review of results

In 2024 operating income increased by 7% to £165m (2023: £154.1m). 16% growth in average customer lending was partially offset by lower net income margin, which decreased from 4.55% to 4.02% in the year. This reduction in net income margin, which includes returns on liquid assets, was expected, as it follows the exceptional margin in 2022 and 2023 caused by deposit book rates increasing more slowly than loan book rates when market interest rates rose. Margins returned to historically normal levels in 2024, as term deposits matured and were replaced by higher rate deposits. Deposit costs peaked in July 2024, and have now begun to decrease. In addition, mortgages have become a bigger proportion of the loan book in 2024. Mortgages typically earn a lower interest margin versus other loan types and lower the overall average rate for the Bank. This lower return is acceptable from a return on equity perspective as mortgages are generally more capital efficient than other loan types.

Operating expenses before provisions increased by 15% to £76.9m, as a result of significant investments in people, product development, the Bank's digital strategy and rebranding all to support business growth in 2025, paired with inflationary pressures. As a consequence, the cost income ratio increased to 46.6% in 2024 (2023: 43.2%). Operating profit before impairment charges was £88.0m (2023: £87.5m). Impairment charges decreased to £1.7m (2023: £4.8m) reflecting the resilient credit quality of the loan book, a recovering macroeconomic outlook and effective management of the loan book. The Bank's cost of risk (being the impairment charges for the year divided by the average loan balance over the year) was 5bps (2023: 17bps).

Total assets increased 14% over the year to £3.9bn (2023: £3.4bn) as £1.9bn of gross new lending resulted in 12% loan book growth. Total liabilities were up 13% to £3.55bn (2023: £3.14bn) mainly due to an increase in retail customer deposits (c.£600m) to fund loan book growth of c.£390m and TFSME repayments of £210m.

Total capital and reserves (excluding contingent convertible securities) increased by 22% to £346m (2023: £283m), reflecting the level of retained profit in the year. Return on average equity was 20.1% (2023: 23.9%), which is driven by the Bank's focus on delivering long term value and growth as well as sustainable returns for its shareholders.

Tax Contribution

Appropriate and transparent tax behaviour is a key component of the Bank's corporate responsibilities. Through strong governance, controls and procedures, the Bank seeks to pay the right amount of tax at the right time and to maintain the Bank's reputation as a fair contributor to the UK economy. The Bank follows the HMRC Code of Practice for Taxation on Banks and is governed by HMRC's Senior Accounting Officer regime ("SAO"), which requires the Chief Financial Officer, the appointed SAO, to attest to the establishment and maintenance of appropriate tax accounting arrangements. The Bank's tax expense was £20.6m (2023: £19.5m), which corresponds to an effective tax rate of 23.8% (2023: 23.5%), see note 5 for further details.

The table below shows the Bank's tax contribution:

	2024 £m	2023 £m
Corporation tax paid	**21.7**	20.7
Employee related taxes paid (income tax and employee's and employer's national insurance contributions)	**17.3**	19.4
	39.0	40.1
Percent of Operating Income	**23.6%**	26.0%

Treasury and Funding

The Bank's funding is primarily from the retail, business and charity savings markets, complemented by a small amount of wholesale funding from the Bank of England's TFSME and Indexed Long-Term Repo ("ILTR") schemes. The Bank increased activity in the ISA, SME and charity markets in 2024, and raised additional funding to repay £210m of TFSME borrowings. The TFSME exposure at year end was £50m and this was repaid in January 2025, nine months ahead of the contractual maturity of the scheme. Deposits continue to use deposit aggregator platforms as a funding and liquidity tool for a small part of the deposit book. Total customer deposit balances increased by 22% to £3.4bn (2023: £2.8bn) across 63,000 accounts. The FSCS scheme covered over 84% of aggregate deposit balances.

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

Capital Management

The Bank's Common Equity Tier 1 ("CET1") ratio was 13.0% (2023: 11.7%) at the end of the year, and its Total Capital Ratio was 15.9% (2023: 15.0%), comfortably exceeding the Bank's Total Capital Requirement ("TCR") (excluding regulatory buffers) of 9.24% (2023: 9.00%). The Bank actively manages its capital resources to maintain appropriate levels of surplus capital.

In December 2024, the Bank announced an agreement whereby Warburg Pincus will acquire a minority equity interest in UTB's parent, a transaction which is due to complete in March 2025. Additionally, in February 2025, UTBP issued £50m of Additional Tier 1 capital to a pool of institutional investors. The Warburg Pincus agreement and the Additional Tier 1 issuance further bolster the Bank's capital base and provide capital for growth.

The Financial Policy Committee of the Bank of England increased the Countercyclical Capital Buffer ("CCyB") requirement to 2% in July 2023. The CCyB is in addition to the Capital Conservation Buffer of 2.5%. At the end of 2024, the total amount of capital committed to the combined buffers, which apply to all banks in the UK, was £114m (2023: £102m).

Principal risks and uncertainties

The Bank classifies the risks it faces into various categories. Further detail on these categories, and the Bank's approach to risk management, can be found in the Risk Management Report set out on pages 32 to 40.

UTB delivered a robust trading performance in 2024, with a Return on Equity of over 20%.

Section 172

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

UTB has a long-term track record of creating value and delivering positive outcomes for all of its stakeholders. The directors work hard to understand and meet the need of its stakeholders, engaging with them and adapting its service and proposition to ensure stakeholder satisfaction. The Bank remains a successful and profitable business, which is focused on the long-term, to operate and grow sustainable businesses in segments of the market under-served by the large banks, to ensure it maintains long-term relationships and add long lasting value to the wider community in which it operates.

Considerations set out in Section 172 are an important part of the Bank's governance and decision making processes at both Board and Executive level, and more widely throughout the Bank. The Board's terms of references detail the Schedule of Matters Reserved for the Board, which emphasises the importance of the Board decision-making with regards to the relevant factors under Section 172.

The Board is responsible for establishing and overseeing the Bank's values, strategy, purpose and strategic priorities, which are centred around the interest of the Bank's stakeholders. The Board has regular engagement with all of its stakeholders, both directly and indirectly, via the Executive Management Team. The directors are aware of and have effective regard to the matters set out in Section 172. The Board acknowledges that it may have to take decisions that affect one or more stakeholder groups differently but it seeks to treat any groups which are impacted fairly. Detail of the Board's key activities in the year, can be found on page 24 of the Corporate Governance Report.

The following section details the Bank's key stakeholders, the key Board decisions which have been taken in the year and how each key stakeholder has been considered and engaged with throughout this process. It also considers the long-term value these decisions have for its stakeholders. All Board decisions made consider the regulatory context.

Stakeholders

Employees

The Bank had 435 employees as at 31 December 2024. The Bank has a diverse and motivated work force, who deliver the highest levels of service to the Bank's customers, clients and partners. The Bank is committed to developing its employees, ensuring they remain supported and engaged.

Stakeholder Engagement

The directors understand the importance of regular engagement with employees to ensure the Bank attracts, builds and retains a diverse and high calibre talent pool and maintains high levels of employee motivation for their work for the Bank. Some examples of employee engagement include:

- **Employee engagement survey:** The Bank conducted a pulse employee opinion survey to gather feedback from our employees anonymously. The results of this survey gave us insight into key topics including customers and clients, culture, a sense of belonging, and comfort in speaking up.

- **Regular Engagement:** The Bank maintains engagement with its employees throughout the year through engagement surveys, the appraisal process, senior management-led Town Halls, focus groups, induction programmes, welcome lunches, coffee catch ups and other business forums.

- **Training and mentoring programmes:** These are in place to support the development of all employees and include: management training, interview training and leadership training, plus support for professional qualifications.

Key Decisions

- **Employee Led Networks:** In the year, the Bank launched employee led networks to drive diversity and inclusion across the business. This included network Boost, the Bank's emerging talent Network to connect, learn, and grow together; and the *"Ellevate"* Network to help UTB's women in their careers through a purposeful programme of inclusive events, initiatives and support.

- **Culture Framework:** In 2024, a new UTB culture framework which is aligned to the brand and purpose was rolled out across the Bank, with all staff attending an immersive workshop to support embedding it into the culture.

- **Professional Qualifications:** The Bank continued to support staff in attaining a range of qualifications, furthering their professional progression and enhancing their role at UTB. These qualifications include ACCA Chartered Banking, Project Management, CeMAP Mortgage Advisor Qualifications and Chartered Governance Institute.

Customers, Clients and Partners

Customers, clients and partners are at the heart of UTB. The Bank's strategy, purpose and values are customer focused and demonstrated through its continuous interaction via regular meetings and customer feedback programmes. The Bank seeks to deliver a responsive service with quick and flexible solutions to responsibly address customer requirements by investing in people and technology and continually adapting to its customers' needs.

Stakeholder Engagement

The Bank has customers, clients and partners across the UK. The Bank's long-term success depends on the strength of its relationships with these groups, its specialist expertise and maintaining high standards of service. Some examples of engagement include:

- **End-to-end journey:** The Bank engages with its customers, clients and partners throughout their end-to-end journey with the Bank actively seeking their feedback. The Bank uses this feedback to evolve its proposition and offering.

- **Customer Satisfaction Measures:** Throughout the year the directors have regularly reviewed, discussed and challenged the Bank's support for its customers, particularly as part of the Consumer Duty process. This is reflected in the Bank's Trustpilot score of 4.6.

Key Decisions

- **Customer Experience Committee:** Developed the Customer Experience Committee in order to hear the customer voice, address difficulties in the customer journey and to ensure that products and services are appropriately designed and delivered. The committee also oversees the ongoing embedding of Consumer Duty.

- **Digital Transformation:** During the year, the Bank enhanced its approach to managing change, ensuring the Bank delivers impactful technology solutions in line with expectations, successfully completing 20 initiatives in 2024, including the launch of the Bank's new Asset Finance broker portal, with automated decisioning enhancements made to the existing Bridging Finance and Mortgages portals and an upgraded online banking system for deposit customers.

- **Growth Initiatives:** The Bank's Board approved the Strategic Partnership and Build to Rent initiatives to be launched in 2025.

Regulators

UTB's culture promotes high standards of compliance and conduct within the Bank and with external parties. In particular, as a regulated bank which holds customer deposits, safety, soundness and adherence to all relevant aspects of regulation is key to the Bank's business model.

Stakeholder Engagement

The Bank maintains a proactive dialogue with the Prudential Regulation Authority ("PRA") and the Financial Conduct Authority ("FCA") and has a constructive relationship with HMRC to help ensure the Bank is aligned with the relevant regulatory frameworks:

- **Regulatory engagement:** The directors and staff maintain awareness of current and future regulation through engagement with regulators, industry bodies and specialist advisors, via seminars, online forums, written updates and round table events. This has enabled the Bank to stay on top of increasing regulatory requirements and ensure that it operates to the standard required.

Key Decisions

- **FCA Consumer Duty:** In the year the Bank continued to embed Consumer Duty in the Bank's daily activities, along with enhancing appropriate metrics, the Bank's Consumer Duty Annual Report and improving the customer journey.

- **Basel 3.1:** The Bank is actively engaged with the PRA and trade bodies regarding the consultation on the implementation of Basel 3.1. In September 2024 the PRA published the Basel 3.1 "near final" rules, which were broadly in line with the Bank's expectations. In January 2025 the PRA delayed the implementation date to January 2027.

- **Small Domestic Deposit Takers Regime:** In September 2024 the PRA also published the Strong and Simple Framework and in November 2024, the PRA published Policy Statement 19/24 'Strong & Simple Framework: The Definition of an Interim Capital Regime (ICR) firm'. The decision was made that neither adopting the Strong and Simple Framework or the Interim Capital Regime were appropriate for UTB.

- **Capital Raising:** The Bank kept the PRA updated on the progress of its capital initiatives.

Communities and Environment

The Bank is committed to contributing lasting value and making a positive impact on the communities in which it operates and the environment more broadly. More information on climate change can be seen on pages 14 to 18.

Stakeholder Engagement

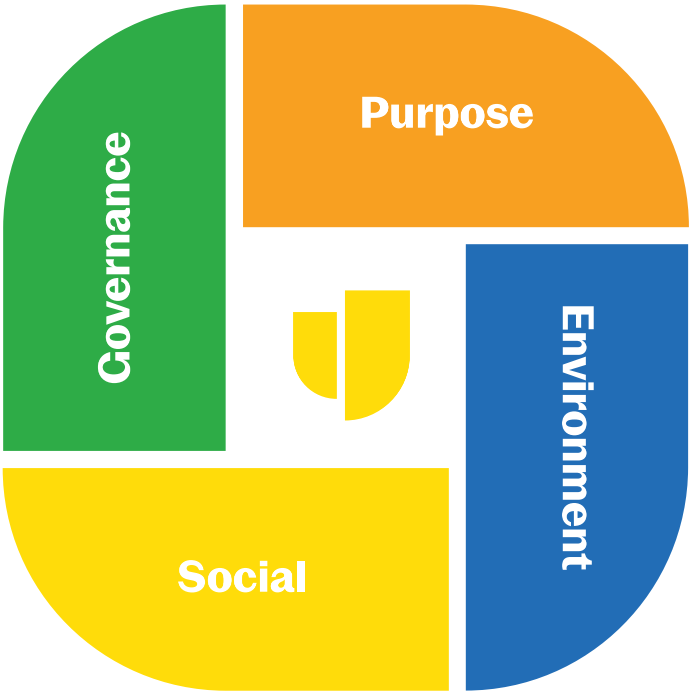
Engaging with local communities helps the Board and its employees develop their understanding of what needs to be done to achieve a more sustainable future. Examples of community and environment engagement include:

- **Charity work:** During 2024, there has been significant focus on charity and communities. A community, charity and volunteering network was established, which enables each employee of the Bank to undertake one day of volunteering each year. The three key charities that have been supported are ThinkForward, via the mentoring programme, plus volunteering with Food Bank Aid and Whitechapel Mission.

Key Decisions

- **Climate Change Strategy:** In the year the Bank has made progress along its climate change strategy, following the work carried out with external consultants, who provided valuable insights into how the Bank could mature its approach to managing carbon emissions from financing and using this information to shape its strategy and risk management. The Bank is working on the basis that climate change data accessibility and accuracy will improve over time and in the interim has focussed on improving the quality of the data it can access, thereby placing itself in a position to disclose meaningful carbon emissions data in the future.

Sustainability Report



ESG Strategic Pillars

The Bank's Environment, Social and Governance ("ESG") strategy is designed to deliver benefits for all its stakeholders. UTB considers ESG as a key part of its business model which helps drive the Bank's long term success. The Bank has clear goals across each area of Environment, Social and Governance, and has focused on those areas where the Bank believes it can deliver the greatest impact.

Purpose	Environment	Social	Governance
Goals	The Bank recognises it has a role in supporting the transition of the UK to a net zero economy.	The Bank aims to recruit, retain and develop the best people, whilst promoting financial inclusion for borrowing and ensuring its customers' needs are met.	The Bank is committed to operating under a robust governance framework which underpins the Bank and considers all of its stakeholders.
Strategic Pillars	1. Reduce the Bank's climate change impact 2. Enhance the Banks climate change metrics and disclosures 3. Increase sustainability awareness amongst its employees	1. Ensure consumer needs and successful outcomes remain at the heart of the Bank's operations 2. Build a diverse and engaged workforce 3. Give back to the community through partnerships and charitable donations	1. Maintain effective Board and management structures and processes 2. Ensure robust governance and risk management 3. Transparent and accountable disclosures
2024 Highlights	• Achieved Carbon neutrality through actions to reduce the Bank's carbon footprint and the purchase of carbon offsets • Continued reviewing and progressing recommendations made by external consultants to improve data quality and risk maturity	• Increased diversity by hiring more experienced female staff members in a range of roles • Support of the charity Food Bank Aid and Whitechapel Mission • Donated £78k to the Bank's chosen charities • Encouraged staff to utilise volunteering days with an increased number of volunteering options	• Regular Board report on progress with Climate Change roadmap • Strong Board engagement and challenge on embedding Consumer Duty • Board training on Diversity and Inclusion

The Bank's Environment, Social and Governance strategy is designed to deliver benefits for all its stakeholders.

Environment

Energy and Carbon Reporting

The Bank recognises the importance of addressing the threat of climate change. The Bank reports on energy and carbon emissions to meet the requirements of the Streamlined Energy and Carbon Reporting ("SECR") standards and to improve the information available to the Bank's stakeholders.

The Bank's emissions for 2024 are shown below, as defined by the international Green House Gas ("GHG") Protocol.

The Bank reduced its intensity ratio (tonnes of CO_2e per employee) to 0.68 (2023: 0.72) despite the growth in business.

The GHG splits the emissions into three categories:

- **Scope 1, Direct emissions** – These are GHG emissions caused by activities owned or controlled by the Bank. The Bank owns two vehicles, both of which are electric. Energy use from both vehicles totalled 2,316 kilowatt hour (kWh) and 0 emissions (tCO_2e).
- **Scope 2, Indirect emissions** – These are GHG emissions which are a consequence of the Bank's activity, but arise from sources it does not own or directly control, e.g. gas and electricity consumption[1].
- **Scope 3, Other** – includes business travel by a limited number of staff who use their own vehicles. Calculating the volume of these emissions requires knowledge of the emissions of each employee's vehicle, which the Bank does not have records of, so it has calculated the emissions shown below based on average mileage claims submitted by employees. The Bank has begun work on collecting data that will, in due course, enable it to make more detailed disclosures of its Scope 3 emissions, which will include emissions from the Bank's lending activities.

Breakdown of UK energy consumption used to calculate emissions (kWh):	Year Ended 31 December 2024	Year Ended 31 December 2023
Company owned or controlled vehicles	2,316	2,024
Electricity	314,584	269,861
Heat, steam and cooling[1]	894,848	850,024
Employee owned vehicles where the Bank pays for the fuel	49,677	47,540
Total gross energy consumed	1,261,425	1,169,449

Breakdown of UK emissions associated with the reported energy use (tCO_2e):	Year Ended 31 December 2024	Year Ended 31 December 2023
Scope 1 (Company owned or controlled vehicles)	-	-
Total Scope 1	-	-
Scope 2		
Electricity	64,468	55,311
Heat, steam and cooling	171,278	164,102
Total Scope 2	235,746	219,413
Scope 3		
Employee owned vehicles where the Bank pays for the fuel	55,298	52,584
Total Scope 3[2]	55,298	52,584
Total gross emissions	291,044	271,997
Intensity ratio		
Tonnes of CO_2e per employee	0.68	0.72

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

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

Climate Change Strategy

The work carried out with external consultants provided valuable insights into how the Bank could mature its approach to managing carbon emissions from financing and using this information to shape its strategy and risk management. In common with many banks that finance property and commercial assets, the data needed to accurately calculate these emissions is sparse or difficult to acquire. The Bank is working on the basis that climate change data accessibility and accuracy will improve over time and in the interim has focussed on improving the quality of the data it can access, thereby placing itself in a position to disclose meaningful carbon emissions data in time. In particular, the Bank is improving ways to capture the information on residential property assets to reduce its reliance on proxy data and increase the PCAF (Partnership for Carbon Accounting Financials) score.

The Bank has considered its direct consumption of carbon emissions and has identified that it cannot make a meaningful difference to its efficiency within its current building. In this regard it is pursuing two initiatives, one in the medium term the other in the short term. The medium-term initiative is to consider the Bank's physical location and what that means in terms of the approach to sustainability by its landlord and the impact of staff on commuting. This will be considered alongside the Bank's office requirement and is expected to be resolved in 2027/8. In the interim, the largest single aspect of carbon consumption is through the Bank's servers being on premises and a project is underway to move these servers off-site to a data centre with improved carbon efficiency.

The Bank has continued with its other Climate Change initiatives which include:

- Purchasing carbon offsets
- Reducing printing and paper use
- Electric car scheme for employees
- Cycle to work scheme
- Prioritising in office recycling

In 2024, the Bank put particular effort into improving office recycling through a process of education and a change to the recycling bins located in its kitchens. This resulted in a significant improvement in the quality of the Bank's recycling, measured independently by the building's management.

Risk Management

The Bank is progressing the recommendations made by the external consultants, that will help it mature its monitoring and reporting of climate change risk, with further embedding of these risks into the Bank's risk appetite framework. This in turn will further enhance the articulation of the climate change risk within the Bank's Internal Capital Adequacy Assessment Process ("ICAAP"), Internal Liquidity Adequacy Assessment Process ("ILAAP") and Recovery Plan.

The key focus continues to be on the credit risk arising from the Bank's lending activities. The Bank's products, customer base and distribution channels have changed very little over the past four years, when it commenced this analysis, and the Bank continues to benefit from a lending portfolio with a generally short-dated behavioural tenor. Through financing construction, the Bank recognises that steel and concrete significantly contribute towards the release of CO_2. The Bank has no exposure to businesses involved in carbon fuels nor in businesses reliant upon a carbon fuel infrastructure. Accordingly, climate risk is not deemed to pose a significant financial risk to UTB in the short-medium term.

Social

Valuing The Bank's People

The Bank's people are key to its success and great emphasis is placed on recognising and valuing their contributions throughout the year. Some examples include:

- Launched work anniversary awards celebrating 1, 5 and 10 year service
- New joiner networking sessions with the executive directors for all new employees
- Awarding 3 Golden Owl awards that recognise exemplary employees
- Organised multiple staff events throughout the year
- Christmas party for staff children and gifts for all staff
- 2 Wellbeing days per annum
- Easter gifts for staff children

Listening to the Bank's people

The Bank recognises that employee engagement is essential. Further information can be found on employee engagement in Section 172 on page 12.

Diversity and Inclusion

Diversity and inclusion continues to be an important focus for the Board. The Bank is committed to ensuring that all of its employees can feel proud to work for UTB, regardless of their gender, age, race, ethnicity, disability, religion or belief, sexual orientation, background or neurodiversity.

The Board is committed to:

- Creating a working environment that promotes dignity and respect for every employee and provides support to staff when appropriate
- Not tolerating any form of intimidation, bullying, or harassment, and disciplining those that breach this policy
- Ensuring that learning, development and progression opportunities are available to all staff and are based on aptitude and ability
- Promoting equality in the workplace
- Encouraging anyone who feels they have been subject to unfair treatment, discrimination or harassment to raise their concerns so that corrective measures can be applied

In the year, the Diversity and Inclusion Committee have focused on the following key initiatives;

- Halved the Bank's gender pay gap since 2019
- Launched next cohort of the Bank's Apprentice scheme
- Launched next cohort of the Bank's Graduate recruitment campaign with Bright Network
- Community mentoring scheme through 2 external programmes 'CBI Smart Futures' and ThinkForward
- Celebration of key D&I workplace days such as Pride and Internationals Women's Day
- Relaunched the Bank's Mental Health First Aid team
- Launched 'January Juice Jaunts' for connecting staff from different departments with one another
- Improved Conduct and Culture Training, including Inclusivity training

- Rolled out the new cultural framework which included immersive training sessions for all employees
- Hired more experienced female staff members in a number of roles
- Rolled out our Career Pathways & Careers Fair to all employees
- Set up a dedicated employee network Boost, for our emerging talent to connect, learn, and grow together
- Launched the *"Ellevate"* Network to help UTB's women in their careers through a purposeful programme of inclusive events, initiatives and support
- Established UTB Community, a charity and volunteering network

Focus on Customers

The Bank continually explores ways to improve the customer experience. UTB ensures regular engagement with its brokers and customers through face-to-face interactions and surveys during key stages of the customer journey. The Bank appreciates that things do not always go to plan and when this happens the Bank aims to be open and put things right quickly and effectively. All of the Bank's customer related achievements can be seen in the Strategic Priorities section of the strategic report on pages 8 to 9.

Giving back to communities

The Bank is committed to having a positive impact on its communities and recognises that employees are often the driving force behind many community and charity activities. This has been a significant focus in 2024 with the introduction of a volunteering day for every employee across the Bank. The three key charities that have been supported are ThinkForward, via the mentoring programme mentioned previously, plus volunteering with Food Bank Aid and Whitechapel Mission, although employees can also use the day to support a cause of their choice.

In the year the Bank:

- Gave employees volunteering opportunities
- Mentored young people via EY CBI and ThinkFoward programmes
- Volunteered at Food Bank Aid
- Volunteered at Whitechapel Mission
- Donated to the Bank's chosen charity in H1, Mind, and the charities mentioned above in H2.
- Charity fundraising events included London to Brighton Charity Bike Ride for Mind and the City Race for Food Bank Aid.

Governance

Effective Board and Management

The Board oversees the management of ESG related priorities, whilst management is responsible for the delivery. The governance of the Bank's ESG agenda is embedded within the Bank's existing governance framework and includes a range of specialist committees and working groups. ESG related matters regularly feature on the Board's agenda and the Board are frequently provided with training. ESG Board training in the year includes:

- Diversity and Inclusion training
- Consumer Duty training
- People 'deep dive' which details the Bank's support and focus on its employees

Robust Governance and Risk Management

The Bank recognises that the activities of its customers, partners and employees can have ESG impacts and more information can be seen in the Risk Management section on page 32 to 40.

Climate Change Governance

The Climate Change Committee reports to the Board periodically. This helps support the Board's decision-making process and educates key stakeholders on the risks and opportunities that climate change presents.

The Integration of Climate into the Bank's Governance Structure;

Harley Kagan
Chief Executive Officer
28 February 2025

Customers, clients and partners are at the heart of UTB.

Corporate Governance Report

Board Of Directors And Committee Membership

Richard Murley
Chair

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

● C

Harley Kagan
Chief Executive Officer

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

● C

Alice Altemaire
Non-Executive Director

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

● C

Graham Davin
Deputy Chair

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

●

Jonathan Ayres
Executive Director

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

●

Maria Harris
Non-Executive Director

Maria Harris is the former Director of Intermediary Lending at Atom bank and is now a consultant specialising in digital transformation of the banking and property sector. Maria is a well-known and highly respected figure in the mortgage industry and was responsible for creating and launching Atom bank's disruptive and award winning retail mortgages proposition. She chairs the Open Property Data Association, a trade body working with government and industry to improve the homebuying process. She is a member of the Chartered Management Institute and holds supporting roles with GenH and Digital Cat.

●

Andrew Herd
Non-Executive Director

Andrew Herd is the Managing Director of Lancashire Court Capital Limited, a London-based investment and consultancy business. He is Non-Executive Chair of VGC Developments Limited a UK leisure and gaming operator and a Non-Executive Director of Nexus Group Holdings Limited, a property and publishing group, and Artemis Bidco Limited, the holding company for a private equity owned, holiday resorts business. He is a Chartered Accountant and worked as a merchant banker for many years. He was Managing Director and Head of Financial Institutions at SG Hambros and held senior roles with Paribas Capital Markets and Morgan Grenfell.

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Andrew Woosey
Non-Executive Director

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

● ● C

Bryce Glover
Non-Executive Director

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

Mark Stokes
Executive Director

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

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Richard Doe
Non-Executive Director

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

Sarah Laessig
Non-Executive Director

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

● ●

● Audit Committee ● Risk Committee ● Management Committee ● Remuneration Committee C Chair

Directors’ Report

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

The directors present their annual report, together with the audited financial statements and auditors’ report for the year ended 31 December 2024.

Principal activities

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

Directors

Bryce Glover and Richard Doe were appointed as non-executive directors in May 2024. Stephen Lockley stepped down as non-executive director in 2024. Once the investment by Warburg Pincus is complete, Warburg Pincus will appoint a non-executive director to the Board. A full list of the directors can be found on pages 20 to 21.

Dividend

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

Directors’ confirmations

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

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

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

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

Going concern

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

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

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

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

Directors’ indemnities

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

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

Future developments

Likely future developments have been covered in the Risk Management Report on pages 32 to 40.

Financial risk management

The disclosures required to be included in the Directors’ Report in respect of the Company’s exposure to financial risk and its financial risk management policies are given in note 25 to the financial statements. The Group’s (unaudited) Pillar 3 disclosures, Tax Strategy and Modern Slavery Act statement are available on the Bank’s website at www.utbank.co.uk.

Events after the date of the Statement of Financial Position

In December 2024, the Bank announced that an agreement had been reached between the majority shareholders of the Bank's parent, UTB Partners Plc ("UTBP"), and Warburg Pincus, whereby Warburg Pincus will acquire a 21% minority equity interest in UTBP. This agreement was approved by shareholders of UTBP on 14 January. Regulatory clearance was received in February 2025 and accordingly completion of the transaction will now proceed during March. In February 2025, UTBP issued £50m of Additional Tier 1 capital to a pool of institutional investors. The capital was passed down to UTB via a simultaneous AT1 issue from UTB to UTBP. There have been no other significant events after the date of the Statement of Financial Position.

Approved by the Board and signed on its behalf by:

Harley Kagan
Chief Executive Officer
28 February 2025

Statement of Directors' Responsibilities in Respect of the Financial Statements

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

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

Board Report

Chair's Introduction

On behalf of the Board, I am pleased to introduce the Corporate Governance Report for the year ended 31 December 2024. The following pages explain the Board's roles and responsibilities and the key activities undertaken by the Board during the year to ensure effective decision making and directions of the Bank's strategy, business model and performance.

The Board remains committed to high standards of corporate governance, controls and risk management framework which are critical as we lead the Bank to enhance its strategy, performance and long-term success of the business for all of its stakeholder. Throughout the financial year, I have once again been pleased to see that the Bank's strong and distinctive culture remains firmly embedded within the organisation. The Bank's employees have consistently demonstrated their commitment to supporting the Bank's customers, clients, partners and each other.

Notwithstanding improving indicators in some of the core macroeconomic measures, instability in the overall economic environment and the wider macroeconomic climate within which UTB operates has remained. The Board has been mindful of this and the impact that this has had on the Bank's customers and employees. We regularly consider these external factors when reviewing the Bank's strategy, discussing opportunities for growth and seeking to identify ways in which we can maximise shareholder value. Vigilance, monitoring and controlled risk appetite will continue to be key as we move forward.

Board Size and Composition

The Board of Directors of the Bank at the 31 December 2024 comprised of nine non-executive directors, including the Chair and Deputy Chair, and three executive directors as listed on pages 20 to 21. Seven of the non-executives are considered to be independent. I chair the Board and am responsible for its effectiveness. The size and composition of the Board is kept under review to ensure an appropriate balance of skills and experience is maintained.

Board Changes

Stephen Lockley, who has been on the Board for 11 years, retired as a Non-Executive Director of the Board in December 2024. On behalf of my fellow Directors, I sincerely thank Stephen for his unwavering commitment to the Bank and his valued expertise and perspectives. In the year Bryce Glover and Richard Doe were appointed as Non-Executive Directors in May 2024. Once the investment by Warburg Pincus is complete, Warburg Pincus will appoint a non-executive director to the Board.

Board Responsibilities

The Board is responsible for:

- The overall direction and governance of the Bank and oversight of the Bank's management team.
- Establishing and monitoring the Bank's strategy. Implementation of the strategy is the responsibility of the Bank's Management Committee who report to the Board. The Board has oversight of how management implement the Bank's strategy and retains control through challenge at Board and committee meetings.
- Monitoring risk management, reviewing risk appetite and approving related policy statements. These policy statements establish the Bank's overall appetite for risk and set out the control environment within which it operates. The Board approves the level of risk that the Bank is willing to accept and is responsible for maintaining an adequate control environment to manage the key risks.
- Overseeing regulatory compliance and internal control systems and processes, and assessing the effectiveness of material controls.
- Ensuring the capital and liquidity resources are sufficient to achieve the Bank's objectives. The Board maintains close oversight of current and future activities through Board reports which include a combination of strategic proposals, financial results, risk and operational reports, budgets, forecasts and reviews of the main risks as documented in the ICAAP and ILAAP reports.
- Changes to the structure, size and composition of the Board.
- Overseeing regulatory compliance with the Financial Conduct Authority's Consumer Duty regime.
- Undertaking appropriate engagement to understand the views of other stakeholders in accordance with relevant legislative and regulatory requirements and in particular Section 172 of the Companies Act 2006.
- Ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

Board Effectiveness

The Board meets at least six times during a year, based on a defined timetable, and additionally when required. All members of the Board receive accurate and timely information to enable them to effectively participate in discussions. The performance of the Board is kept under review through an evaluation process. Regular training is also provided to members of the Board to ensure they are kept up to date with any changes to the regulatory environment within which the Bank operates.

Board Key Activities in 2024

The key areas of the Board's focus during 2024 are set out below:

- Reviewed and approved the Bank's budget and three-year strategic plans.
- Reviewed and approved the Bank's capital, liquidity and recovery plans.
- Reviewed and approved the Bank's Liquidity Risk Management Framework.
- Reviewed and supported the UTB Partners transaction with Warburg Pincus.
- Considered the Bank's response to and the impact of geopolitical uncertainty and volatility in the economic markets.
- Enhanced the Bank's suite of lending products, including the launch of the Strategic Partnerships and Build to Rent initiatives.
- Reviewed the Bank's funding strategy and approved an expansion of the suite of deposit products offered to customers.
- Engaged with regulators and regulatory developments during the year.
- Approved the appointment of the new Chief Operating Officer.
- Approve the appointment of Bryce Glover and Richard Doe joining the Board as non-executive directors.
- The Board and its committees spent time on a broad range of sustainability considerations in 2024 including staff retention, development and engagement, Climate Change and Diversity and Inclusion.

Richard Murley
Chair
28 February 2025

The Board remains committed to high standards of corporate governance, controls and risk management framework.

Risk Committee Report

Risk Committee Chair's Introduction

On behalf of the Committee of the Board, I am pleased to present this report of the Risk Committee for the year ended 31 December 2024. I would also like to thank the Committee members for their contributions and commitment during the last year. The report sets out an overview of the Committee's key responsibilities and the principal areas of risk upon which the Committee has focused on during the year.

Over the last 12 months, the external economic environment remained challenging for the Bank's customers and together with an extensive regulatory agenda this presented a full agenda for the Committee's consideration and focus. The Committee assessed the Bank's overall risk profile to be stable compared with the prior year. Key topics for the Committee included reviews of inflation and interest rate trends, the ongoing impact of cost of living pressures and credit risk appetite. Time was also focused on reviewing progress on capital planning and raising, the motor finance commission review and operational resilience. The Committee also continued its ongoing oversight of progress in the management of risks that are key to supporting our customers, including ongoing embedding of the Consumer Duty requirements and strengthening protection for borrowers in financial difficulty, maintaining the Bank's operational resilience and meeting the Bank's overall regulatory commitments.

Further details on the Bank's risk management approach and framework are provided in the Risk Report on pages 32 to 40.

Committee Size and Composition

The Risk Committee at year end had three members: two independent non-executive directors, Maria Harris and myself, plus Andrew Herd, a non-executive director who has been on the Board for over 9 years. Other directors and senior members of staff attend the Committee meetings. The relevant experience and qualifications of each of the Committee members are outlined in the biographies on pages 20 and 21.

Committee Roles and Responsibilities

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

- Advising the Board on the effectiveness of the Bank's risk management framework and compliance and conduct oversight framework, to ensure that key risks are identified, monitored and appropriately managed.
- Ensuring that the risk management function remains independent and adequately resourced.
- Reviewing and monitoring the Bank's risk profile relative to current and future strategy and risk appetite through a continuous process of identification, evaluation and management of all material risks.
- Reviewing the design and implementation of risk policies across the Bank.
- Reviewing the due diligence of any relevant proposed strategic transaction, focusing on the risk aspects and their implications for the risk profile and appetite and to advise the Board prior to the approval of any such the transaction.
- Reviewing and monitoring the appropriateness of the Bank's risk appetite, any emerging risks and risk trends, concentrations of exposures and any requirements for policy change.
- Reviewing the performance of the Bank relative to risk appetite and to receive and review reports from the Chief Risk Officer relating to any significant issues that require or are subject to remedial action.
- Ensuring that rigorous and comprehensive stress testing and scenario testing of the Bank's business is carried out regularly and that appropriate risk mitigation is in place.
- Reviewing, challenging and recommending to the Board for approval, the risk appetite, risk measures and risk limits, taking into account the Bank's capital adequacy (ICAAP), liquidity adequacy (ILAAP), recovery capacity and plan, operational capabilities and the external environment.
- Recommending to the Board annually the financial, credit, concentration, conduct, regulatory, operational and market related authorities, limits and mandates. Identifying, considering, overseeing, challenging and advising the Board on the Bank's exposure to all significant risks to the business.
- In cooperation with the Audit Committee, monitoring any identified control failings and weaknesses that may raise systemic risk issues and the relevant management actions taken to resolve them.
- Reviewing reports on any material breaches of risk limits and the adequacy of proposed actions to address such breaches.
- Reviewing and challenging the Bank's risk culture.
- Reviewing arrangements by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.
- Reviewing the results of any reviews of the Bank's activities by regulatory bodies and recommending to the Board any action required.
- Reviewing the activities of the Chief Risk Officer and the effectiveness of the risk function.

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

Risk Committee 2024 Key Activities

- Oversaw ongoing improvements to the Bank's operational resilience and operational risk management processes; culture and conduct frameworks and reporting; and regulatory submissions and returns, including the Recovery Plan, ICAAP and ILAAP.

- Strong focus on the external environment, particularly credit risk and the quality of the loan portfolio. Credit policy and appetite was subject to ongoing review in the context of evolving market conditions, including the UK's emergence from a shallow recession in H2 2023, conflict in Ukraine and the Middle East and a fluid political environment due to the electoral cycle in the UK and several other major economies. Emerging signs of an improving domestic economic environment during the first half of the year became less clear during the second half of the year.

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

- Oversaw and monitored the work undertaken to embed the Consumer Duty requirements and to strengthen the protection provided for borrowers in financial difficulty. The committee also monitored the evolving expectations in respect of historic motor finance commissions.

Andrew Woosey
Non-Executive Director
28 February 2025

Audit Committee Report

Chair's Introduction

On behalf of the Board, I am pleased to present the report of the Audit Committee for 2024, outlining how the Committee discharged its responsibilities and met its objectives. The Committee has continued to oversee and challenge the Bank's financial reporting and maintenance of an effective internal control environment as well as the performance of its Internal Audit function and External Auditor. This year the Committee's schedule has been full, with focus on the key accounting judgements and estimates, assessing the integrity and fair presentation of the Bank's financial reporting and reviewing the Bank's internal controls. The Committee has also continued appropriate scrutiny of key risks emerging from economic, geo-political and regulatory change as well as from the Bank's increasing size and complexity, including consideration of how these factors impacted the Bank's customers and employees. The following section details the Audit Committee's size and composition, its roles and responsibilities and key activities in the year.

Committee Size and Composition

The Audit Committee comprises of three independent non-executive directors, Sarah Laessig, Andrew Woosey and myself. Stephen Lockley stepped down as Non-Executive Director in December 2024 and has consequently stepped down from the Audit Committee. The Committee members bring a diverse range of experience in finance, risk, control and business, with particular experience in the financial services sector. The qualifications of each of the members are outlined in the biographies on pages 20 and 21.

Committee Roles and Responsibilities

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

- Monitoring the financial reporting process and its output, including reviewing the draft Annual Report and Accounts of both UTB and its parent UTB Partners Plc ("UTBP"), as well as other regulatory disclosures, and making recommendations to the Board.

- Reviewing significant accounting estimates and judgements, and overseeing the establishment and maintenance of accounting policies and practices.

- Reviewing the effectiveness of processes and systems for internal control, taking into account the output of the Bank's Risk Committee.

- Reviewing the activities, effectiveness and independence of the Internal Audit function. The function's purpose is primarily to provide risk-based independent, objective assurance to evaluate and improve the effectiveness of the Bank's risk management, control, and governance processes including review of both the first and second lines of defence.

- Reviewing the activities, effectiveness, quality and independence of the External Auditor.

- Reviewing from time to time the choice of external auditors and making appropriate recommendations to the Board, including around their fees.

- Reviewing the plan and major internal and external audit findings and ensuring via Management that agreed actions are implemented and, where necessary, reporting findings to the Board.

- The Committee also performs certain of the above activities on behalf of its parent, UTBP.

- Overseeing the Bank's model risk management framework.

Audit Committee 2024 Key Activities

Financial Reporting, and Material Accounting Policies, Judgements and Estimates

- Reviewed accounting policies and accounting methodologies where there have been significant changes or where they are particularly material and require annual review.

- Reviewed and approved key approaches, policies and certifications of the Bank, including:
  - Approach to the assessment and confirmation of going concern.
  - Loan loss provisioning, including refinements made to the collective provisioning policy.
  - Application of the swap accounting policy in rising and falling interest rate environments.
  - Tax Strategy and Policy and Senior Accounting Officer Certification.

- Challenged key accounting judgements and key estimates such as loan loss provisioning.

- Challenged other accounting judgements and other estimates and the annual behavioural review of Effective Interest Rate accounting.

- Recommended the Bank's and UTBP's Annual Report and Accounts to the Board.

Risk and Control Environment

- Monitored the design and effectiveness of relevant processes and systems for internal control, taking into account the output of the Bank's Risk Committee, including: review and approval of the Bank's Model Risk Management Policy; evaluation of the Model Risk Management Annual Review by Line 2 Risk; and review of the 2024 Annual Internal Audit Assessment, which found the Bank's governance and risk and control framework to be generally effective.

External Audit

- In conjunction with the external auditors, maintained safeguards to protect the independence, objectivity and effectiveness of the external audit process.
- Discussed the nature, scope and outcomes of the audit, including approving the engagement letter and considering Management's response to material observations.
- Assessed the independence and objectivity of the external auditors and the effectiveness of their performance, considering:
    - evaluation of the audit team quality, scope and approach, communication and governance using defined criteria;
    - the nature and amount of non-audit work undertaken in line with the Bank's Non-Audit Services Policy;
    - the total fees charged for the audit of the Annual Report and Accounts and for non-audit services provided by the external auditors in line with the approved Non-Audit Services Policy; and
    - the external auditor's declarations of independence.
- Held a separate session with the external audit team, without management present.

Internal Audit

- Approved the Internal Audit budget, the proposed 2025 annual audit plan and authority for full, free and unrestricted access to the Bank's records, data, management information and personnel pertinent to carrying out any engagement.
- Monitored status of the 2024 annual audit plan and considered reports from the Head of Internal Audit setting out the results of Internal Audit's work, significant findings, Management responses and agreed audit actions.
- Monitored the timely closure of agreed audit actions by Management.
- Reviewed and confirmed the adequate and sufficient resourcing of the function.
- Reviewed and concluded the department's performance is effective.
- Reviewed Internal Audit's assessment of conformance with new Global Internal Audit Standards and Code of Practice, and its Quality Assurance and Improvement Programme.
- Held a separate session with the internal audit team, without management present.

Alice Altemaire
Non-Executive Director
28 February 2025

Remuneration Committee Report

Chair's Introduction
On behalf of the Remuneration Committee, I am pleased to present the Remuneration Committee Report for the 2024 financial year. The following section details the Remuneration Committee's size and composition, its role and responsibilities and key activities which have been a focus during the year.

Committee Size and Composition
The Remuneration Committee comprises of two independent non-executive directors, Sarah Laessig and myself, and the Board Deputy Chair Graham Davin. The qualifications of each of the members are outlined in the biographies on pages 20 and 21.

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

- Determining, on behalf of the Board, the overall remuneration policy for all staff and in particular, the policy and the level of remuneration of Code Staff and Material Risk Takers.
- Reviewing and approving the remuneration arrangements (including any bonuses, incentive payments and share awards including share options) pensions and benefit arrangements of the Chief Executive, the Executive Directors and the senior staff across all functions.
- To approving all issuances or exercises of share options.
- Ensuring that remuneration is structured so as to link rewards to corporate and individual performance and is designed to promote the long-term success of the Bank.
- Evaluating the impact of the Bank's reward practices throughout the organization, by ensuring that pay and benefits are aligned with the Bank's purpose; that they incentivise appropriate behaviours and performance; and that differences in pay and reward levels are fair and proportionate.
- Considering the potential impact of decisions on the Bank delivering good outcomes for customers and the appropriateness of the Bank's oversight arrangements surrounding remuneration.
- Ensuring that incentives provided by the remuneration system take into consideration risk objectives, capital, liquidity and the likelihood and timing of earnings.
- Overseeing processes and initiatives that are linked to remuneration (directly or indirectly) including Talent Management, Leadership Development and Diversity & Inclusion.
- Reviewing the Talent and Succession Plan, in order to consider the successors to each of the key managers and Divisional Heads. The plan seeks to define the key role changes envisaged over the next 3 years to cope with retirement or resignations and to employ or identify, select, train and prepare existing staff for enhanced roles.
- Reviewing UTBs Remuneration Policy annually and be aware of and oversee any major changes in the policy or the employee reward framework.
- Monitoring the regulatory environment and the remuneration code rules as set out by the FCA/PRA and ensure compliance and adherence with them.

Remuneration Committee 2024 Key Activities
The key areas of the Committee's focus during 2024 are set out below:

- Approved the updated Remuneration Policy.
- Approved the overall UTB reward increases, effective March 2024 and setting of the bonus pool.
- Approved the 2023 bonus and LTIP awards.
- Approved the Bonus Cap proposal.
- Reviewed the talent and succession plan.
- Oversaw the diversity and inclusion framework and actions agreed by the Diversity and Inclusion Committee.
- Oversaw the project to review and enhance the Bank's performance management, job architecture and remuneration frameworks.
- Oversaw the Bank's gender pay gap report.
- Approved the award of long-term incentive plan share options to senior staff.

Richard Murley
Chair
28 February 2025

The Bank's strong and distinctive culture remains firmly embedded within the organisation.

Risk Management Report

Approach to Risk Management

UTB's risk appetite and approach to risk management

UTB's management team sets the overall level and types of risk that it is willing to accept, in order to fulfil its strategic objectives, in a comprehensive risk appetite statement which is then approved by the Board. The Bank creates value by assuming risk and, as part of its annual strategic review process, the Board considers its key objectives and defines how much risk the Bank is willing to accept. The Board and management monitor and review risk appetite throughout the year in the context of emerging risks and changes in the external environment. In 2024, domestic and international political developments, interest rate and inflation trends, the ongoing impact of cost of living pressures, credit risk appetite and an extensive regulatory agenda have been key areas of focus for UTB.

Practical implementation of the Board's risk appetite is achieved via a risk management framework and suite of policies. Business units are responsible for adhering to risk appetite, and the independent Risk department is responsible for monitoring adherence to and for reporting performance against risk appetite.

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

Risk Management Framework

UTB's Risk Management objectives include enabling the Board to understand the risks to which the Bank may be exposed and ensuring that comprehensive risk information is captured and reported to the Board. The identification and measurement of risks allows senior management to ensure that the risks they take on are within the risk appetite set by the Board.

The risk management framework and the governance arrangements provide a clear organisational structure with defined lines of responsibility and appropriate processes to identify, manage, monitor and report the risks to which the Bank is or may become exposed. It provides the overarching framework under which all subsidiary risk frameworks, policies, and procedures are developed.

The framework seeks to ensure that the risks to which the Bank is or may become exposed are appropriately identified and that those risks which the Bank decides to assume are managed to mitigate against material unexpected loss. It also describes the interactions between the different risk processes within the Bank such as the risk appetite statement, stress testing, the ICAAP, the ILAAP and recovery planning.

The risk management framework provides an enterprise-wide view of UTB's approach to risk management, setting out how risk information is used within the Bank's decision-making and the risk management strategy, risk appetite, risk culture and risk governance. The framework supports business activities through continuous monitoring and management against the Board's defined risk appetite.

Risk Culture

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

Business decisions are taken within the context of this culture and are "risk-informed". They adhere to the Bank's risk appetite and policies and are monitored, controlled and reported to the appropriate level for oversight, as defined in the Bank's governance arrangements. The Board sets a clear expectation that business decisions:

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

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

The Bank's risk culture is evident in:

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

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

Management analyse historical incidents in order to draw conclusions, promote and share good practice and learn lessons from poor practice, "near miss" incidents and actual errors.

The Bank seeks to avoid conflicts of interest in reward structures and to develop compensation structures that encourage prudent risk taking, compliant with regulatory requirements.

Risk Governance

The Board has ultimate responsibility for ensuring that an effective risk management framework is in place. The Board is responsible for a) approving the overall policy in relation to the types and level of risk that the Bank is permitted to assume in the pursuit of its business objectives; and b) maintaining a sufficient control environment to manage its key risks. The Board's Risk and Audit Committees monitor the risk management framework, the internal control environment and ensure that risk exposures remain within the defined risk appetite.

Any material breaches of the Bank's risk management policies, controls and procedures are reported to the Bank's Risk Committee and the Board and Audit Committee where appropriate. The Audit Committee is assisted by Internal Audit, which undertake reviews of risk management controls and procedures on a risk-based periodic basis or as required. The Risk Committee is assisted by second line monitoring teams, covering Compliance, Financial Crime, Credit Quality and Operational Risk.

Committee Responsibilities

Details of the Bank's Board and main committees (Audit Committee, Risk Committee and Remuneration Committee) are set out on pages 26 to 30.

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

Management Committee	The Management Committee is chaired by the Chief Executive Officer and includes the Chief Commercial Officer, the Chief Financial Officer, the Chief Risk Officer, the Chief Operating Officer, the Chief Technology Officer and the Director of Human Resources. The executive directors provide a direct link to the Board. The committee meets at least monthly to discuss and implement the strategy of the Bank, as approved by the Board, and to oversee the effective monitoring and control mechanisms within the Bank. The committee considers the performance of the Bank, its response to market conditions, key risks and risk indicators, major projects, growth initiatives, key personnel, Consumer Duty, Operational Resilience, Climate Change, Diversity and Inclusion and significant events. It does not focus on day-to-day operations which are delegated to other committees and are the responsibility of line managers. It considers all exceptional items and reviews the risk profile, capital, liquidity and performance of the business.
Credit Policy Review Committee ("CPRC"), Credit Committee and Watchlist & Recoveries Committee	The Management Committee has delegated responsibility to the Credit Policy Review Committee for monitoring the Bank's exposure to credit risk and ensuring that the Bank's Credit Policy is appropriately applied as part of the lending process. The CPRC meets bi-monthly. The CPRC is chaired by the CRO and has two sub-committees, the Credit Committee and the Watchlist and Recoveries Committee. The Credit Committee meets daily, if required, to consider individual lending transactions in accordance with lending authorities delegated by the Management Committee and the Board. The purpose of the credit committee meetings is to consider credit proposals on specific transactions and make credit decisions. Decisions include whether to approve new or increased lending proposals; material variations in terms and conditions; annual reviews where applicable; and credit strategy on existing exposures in the light of factors including material new information, a deterioration in credit quality or a request to extend or change credit terms and conditions. Asset Finance and Mortgage transactions are approved by delegated authorities. The Watchlist and Recoveries Committee is also a sub-committee of the CPRC. It meets monthly to review emerging and current high risk credit exposures for all Lending Divisions and to ensure that adequate loss provisions are charged where deemed necessary.
Asset and Liability Committee ("ALCO")	The Management Committee has delegated responsibility to ALCO for monitoring, the Bank's exposure to capital, liquidity and interest rate risk. ALCO meets at least monthly and ensures that the Bank adheres to the capital, liquidity and interest rate risk appetites and policies, as approved by the Board. It is also responsible for ensuring that policies are in line with regulatory requirements. ALCO is chaired by the Chief Financial Officer. The committee is also responsible for the effective management of the Bank's assets and liabilities mix and profile, anticipating the impact of future business activity and management actions.
Business Management Committees	The Business Management Committees exist for each of the lending and deposits business units. These committees review the management information provided by the business, including monthly and YTD performance; key risk metrics; MI on third parties such as brokers, valuers and solicitors; conduct, compliance and operational risk dashboards and MI; and new product and process proposals. In some cases these meetings are the relevant forum for approval of proposals, in other situations this meeting performs a review function prior to the request being elevated to a forum such as the Management Committee, a Board Committee or the Board itself for approval.
Change Management Committee	The Change Management Committee provides governance, prioritisation and approval of material business and technology changes. Change Management Committee is chaired by the CTO and operates as a sub-committee of the Management Committee. The Committee acts as an escalation forum for all project steering committees and reviews status reports, key issues, budgets, resources and project risks. The committee considers the risk to the overall change agenda, in conjunction with the Risk Department, for material changes and advises on appropriate modifications to schedule.
Compliance and Conduct Management Committee	The Compliance and Conduct Management Committee is responsible for overseeing compliance with non-prudential regulatory requirements and conduct risk. The committee is chaired by the Compliance Director. The purpose of the committee is to assess and monitor the Bank's compliance with internal, legal and regulatory requirements in terms of Conduct, Financial Crime, Data Protection and Regulatory Compliance and to advise executive management and the Board on these matters.
Climate Change Committee	The Climate Change Committee seeks to ensure that the Bank has identified its risk exposure to climate change, embedded that risk into the risk management framework and processes and articulated the risk in terms of recognising the potential future impact of climate change. The Climate Change Committee was chaired by the COO in 2024; the CRO takes over this responsibility in 2025.
Customer Experience Committee	The Customer Experience Committee oversees the Bank's approach to customer service, ensuring that the Bank continues to deliver consistently good products, services, and outcomes to its customers. Additionally, the Customer Experience Committee makes certain that regulatory expectations, including the Consumer Duty, are being met or where they are not, that appropriate corrective action is being taken. The Committee is a sub-committee of the Management Committee and is chaired by the Chief Operating Officer.

Three lines of defence

In line with industry best practice, the Bank follows a "three lines of defence" model which is integral to the risk management framework. All three lines of defence contribute towards the management of risk through effective management and oversight to ensure compliance with Board risk appetite, regulatory and policy requirements.

First line of defence

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

Each department's management is responsible for understanding risk within their business and for measuring, assessing and controlling risks. To assist in meeting this requirement, each business unit has its own operational processes and procedures, documented to set out how they conform to approved policies and controls.

First line businesses have their own quality control processes to monitor and assess adherence to approved procedures. Their staff constitute the Bank's first line of defence and are expected to be aware of and own the risks relating to their activities. A regularly updated Risk Control Self-Assessment ("RCSA") process identifies the risks within each business unit, assesses and rates the likelihood and impact of each risk and identifies and rates the effectiveness of the relevant controls.

Second line of defence

The second line of defence comprises an independent risk management function which provides governance and oversight. The Risk function monitors and controls adherence to regulatory requirements and the Bank's policies and appetite, providing challenge and guidance as required.

The second line of defence is responsible for communicating the risk strategy, risk management framework and defined risk appetite to the departments. It independently monitors and conducts assurance programmes on the key activities of the first line of defence and the effectiveness of controls.

The second line of defence also performs stress testing to assess the Bank's risk exposures and their potential impact under a range of adverse scenarios. The main functions of the second line of defence are in relation to financial, capital, credit, liquidity, interest rate, operational, conduct and compliance risk. The Compliance Director, the Credit Director and the Head of Prudential Risk report to the Chief Risk Officer who reports to the Chief Executive Officer and the Chair of the Risk Committee. UTB employs an experienced team of risk management specialists in each department within the risk management function.

The risk management function does not have volume or sales targets and works proactively with business units to identify, challenge, measure, manage, monitor and report the risks arising within the business.

Third line of defence

The third line of defence comprises the independent internal audit function, which provides independent and objective third line assurance to the UTB Board and Management as to whether significant risks are identified and appropriately reported to the Board and Management; whether those risks are adequately controlled; and challenges Management to improve the effectiveness of governance, risk management and internal controls. Internal Audit is overseen by the Audit Committee and reports functionally to the Chair of the Audit Committee and administratively to the Chief Executive Officer.

The third line of defence's scope and programme of work is agreed with the Audit Committee to provide an independent assessment of the internal control framework of the Bank. It can review both activities in the first line such as adherence to policy and controls, and activities in the second line such as policy setting, monitoring and related controls.

Scenario Analysis and Stress testing

The Board takes a forward-looking view of strategic, capital and liquidity planning as part of its ICAAP, ILAAP and Recovery Plan. Sensitivity analysis, scenario analysis and reverse stress testing are used in these processes.

Stress testing and scenario analysis are risk management techniques used to evaluate the potential effects on the Bank's financial resources, following a specific event and/or movement in a set of risk drivers. They focus on extreme but plausible scenario events and provide a useful risk management tool in assessing the adequacy of the Bank's capital and liquidity resources and potential responses to each scenario.

The Bank's stress testing policy is reviewed and approved by the Risk Committee and the Board annually or more frequently if required. The Risk Committee and the Board considers and approves the stress testing parameters used in the ICAAP, ILAAP and Recovery Plan.

Risk Management Strategy and Appetite

The Bank's Risk Management Framework and Risk Appetite Statement are reviewed at least annually and are supported in respect of key risks by other annually reviewed documents including the Credit Risk Appetite Statement and the Credit Strategy. The purpose of the risk management strategy and appetite statements is to:

- identify key and emerging risks;
- set the Bank's risk appetite and ensure that business plans are consistent with it;
- take risk-informed decisions within the defined risk appetite;
- ensure that the risk appetite and business plans are supported by effective risk controls, technology and people capabilities;
- monitor and report the level of key risks against the defined risk appetite;
- manage the Bank's risk profile to ensure that the business strategy can withstand a range of adverse conditions identified in stress testing;
- manage risk within the business units with effective independent oversight;
- ensure a sound risk control environment and risk-aware culture; and
- inform the Bank's compensation practices to reward only prudent risk taking within the risk appetite.

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

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

The Bank's risk appetite aligns with its strategic objectives. The process ensures that its strategic objectives are "risk-informed" and aligned with the risk assumed.

The Board sets out the risk that can be assumed in each risk category by way of:

- a high level risk appetite statement defining the acceptable impact of the risk on the achievement of the Bank's goals and business objectives;
- granular statements detailing the type and level of specific risks that the Bank is willing to accept, tolerate, or avoid in the pursuit of its objectives; and
- risk limits and tolerances (quantitative or qualitative measures) that relate to individual business activities.

The Bank's approved risk appetite is documented in the risk appetite statement which details monitoring and escalation levels for risk metrics, including capital and liquidity. The risk appetite statement is reviewed at least annually or whenever there is a material change in the Bank's risk appetite, its activities or the market or economic environment within which it operates.

Risks and Uncertainties

Principal Risks and Uncertainties

Management and the Board carry out regular and ongoing reviews of the main risks and uncertainties facing UTB. The key risk categories are those risks which could threaten the achievement of the Bank's strategic objectives, its business model or financial performance. They are determined by management and the Board with the aid of the corporate risk register. For each key risk category, a risk appetite is defined and the Bank's exposure to this risk category is managed and reported against the defined appetite.

Details of the key risks, their mitigation and changes in risk profile during 2024 are provided below:

Risk Category	Mitigation	Update on risk profile in 2024
Business performance and strategic risk The risk arising from changes in the business environment, the Bank's business model and improper implementation of the Bank's strategy and business decisions	• Well established planning, budgeting and stress testing processes • Regular reporting and assessment of performance against budget • Monitoring of economic metrics, developments, industries and economic outlook • Annual review and update of the business plan • Regular assessment of risks inherent in strategic decisions	The Bank continued to achieve its strategic and business objectives within a challenging external environment of heightened risk. In 2024 the UK economy staged an early recovery from a technical recession in the second half of 2023, with modest levels of growth seen throughout the year. The Bank of England made the first base rate cut in four years in August 2024 from 5.25% to 5.00%, this was reduced again in November 2024 to 4.75%. Additionally, inflation fell close to the 2% Bank of England target and the housing market saw improvements, with house prices growing at the fastest rate in two years. In light of the economic outlook, specific restrictions were applied to credit appetite across all lending divisions in 2023. As the economy began to stabilise in 2024, these restrictions were lifted and origination momentum started to build. Overall loan book growth in the first half of the year was slow but this picked up in H2 2024, with total loan book growth of 12% for the year. In 2024, the Bank has reviewed and considered a number of new lending initiatives, including Strategic Partnerships and Build to Rent. The strategy and credit policies for these two products were reviewed and approved by Risk Committee and the Board in 2024. The Bank plans to launch these initiatives during H1 2025. The growth in the lending portfolio has been funded within strategy by a corresponding growth in deposit balances. The Deposits business unit closely co-ordinates deposit-raising activities with lending unit cashflow projections and is benefiting from an increasingly diverse deposit book, with more activity in the ISA, SME and Charity markets, and more efficient internal and customer facing processes. In addition to deposit funding, the Bank had £50m of drawings from the Bank of England under the TFSME scheme at year end, which was fully collateralised by Asset Finance loans and first charge mortgages. The Bank progressively repaid the TFSME scheme well in advance of its maturity in October 2025, and had repaid a total of £250m by the end of 2024, with the final balance repaid in January 2025. In summary, UTB's strategic risk profile was materially unchanged in 2024, with the external environment stabilising. The Bank continues to review the economic outlook and to test its financial robustness by carrying out regular stress testing in the context of potential adverse economic conditions. More information on stress testing can be found in the Risk Management section on page 34.

Risk Category	Mitigation	Update on risk profile in 2024
Capital risk The risk of having insufficient capital to meet regulatory requirements and to support the Bank's business plan	• The Bank maintains a prudent capital base • Regular stress testing and forward looking management of capital resources and requirements and management of loan book growth within projected capital resources • Annual assessment of capital adequacy through the ICAAP process • Active monitoring of changing regulatory requirements	The Bank continued to maintain a prudent level and mix of capital resources. The Bank maintained its capital ratios in excess of regulatory requirements throughout 2024. At 31 December 2024, the CET1 ratio was 13.0% (2023: 11.7%) and the total capital ratio was 15.9% (2023: 15.0%). The Bank has not paid a dividend during the year and no redemptions or issuance of Additional Tier 1 or Tier 2 capital were carried out. In December 2024, the Bank announced an agreement whereby Warburg Pincus will acquire a minority equity interest in UTB's parent, a transaction which is due to complete in March 2025. Additionally, in February 2025, UTBP issued £50m of Additional Tier 1 capital to a pool of institutional investors. The Warburg Pincus agreement and the Additional Tier 1 issuance further bolster the Bank's capital base and provide capital for growth. The Bank continued to use a number of government-backed lending schemes during 2024, including the Coronavirus Business Interruption Loan Scheme ("CBILS") and the Recovery Loan Scheme ("RLS"). Although there was no additional lending under these schemes in 2024, the schemes provide the Bank with a capital benefit. In 2024, the Bank extended its existing Enable Build Guarantee synthetic securitisation programme with the British Business Bank, which increased the Bank's capacity to lend to housebuilders. The Bank of England's Countercyclical Capital Buffer ("CCyB") for UK exposures remained at 2% in 2024.
Liquidity and funding risk The risk of the Bank being unable to meet its obligations as they fall due or do so only at excessive cost	• The Bank's activities are predominantly funded through the retail deposit market, with most deposits covered by the Financial Services Compensation Scheme • Regular liquidity scenario analysis and stress testing is performed • Forward looking management of liquidity requirements through cash flow models and weekly meetings between Deposits and Treasury • Annual assessment of liquidity adequacy through the ILAAP process. The Bank manages its liquidity in alignment with internal and regulatory requirements • Maintenance of prudent levels of liquidity • Established policies and detailed limits to manage liquidity risks • Maintenance of a diverse funding profile • Limited wholesale funding (TFSME, ILTR and capital instruments) • Access to the Bank of England's Discount Window Facility and ILTR • The Board approves UTB's liquidity risk management strategy and ALCO meets at least monthly to review liquidity risk in comparison with appetite and early warning indicators • Liquidity metrics are monitored daily by Treasury and the Bank's senior management	The Bank maintained a stable funding base and suitable levels of liquidity to fund the business. A key theme in 2024 has been minimising the cost of deposits, during a period of tightening net interest margins. As loan book growth in 2024 has been slower than in 2023, the Bank has been able to focus on sourcing deposits at lower rates. This has been achieved by increasing the ISA book, shortening the duration of the funding and reducing exposure to more expensive retail deposits. Additionally, the Bank uses swaps to mitigate interest rate risk and therefore is not solely reliant on longer term, more expensive deposits for interest rate hedging but rather is able to borrow at lower interest rates whilst remaining within liquidity, funding and interest risk requirements. The Deposits team has been able to meet the Bank's growing funding requirements throughout the year. In October 2023, the Bank started repaying the TFSME scheme and by the end of 2024 had repaid £250m. The remaining £50m was repaid in January 2025, nine months ahead of the contractual maturity of the scheme. The TFSME repayments have been funded by deposits and, more recently, a small drawing from the Bank of England's Index Long Term Repo facility.

Risk Category	Mitigation	Update on risk profile in 2024
Credit risk The risk of financial loss from borrowers who are unable or unwilling to meet their financial obligations when due (including concentration risk to groups of borrowers, industry sectors or geographic regions). Credit Risk is one of the Bank's most significant risks.	• The Bank operates in markets of which it has a good understanding and significant expertise • Established policies and procedures that are regularly reviewed and updated • Diversified and fully secured exposures • Well defined risk-based delegated underwriting authorities • Verified borrower credit worthiness and track record • Regular review of portfolio performance and risk appetite • Forward looking assessment of market dynamics • Conservative lending criteria expressed through credit risk rating scores • Established detailed limits to manage exposures including concentration risks	In the year, the Bank's loan book grew by 12%. This reflected strong origination growth in H2 2024, following a slower H1 2024. The slower start to loan book growth in 2024 was driven by economic conditions and credit appetite restrictions which management applied in 2023 due to more challenging markets, which included a small reduction in house prices and reduced property transaction volumes. Tail risk in the overall portfolio (i.e. higher risk credit exposures) is one of the Bank's key credit risk metrics and decreased to 5.36% as at 31 December 2024 (2023: 5.40%). Tail Risk remains within the Bank's risk appetite. Mortgage arrears levels have increased but there has been limited impact on provisions given the Bank's conservative loan to value policies. Loan loss provisions charges decreased to £1.7m in 2024 in comparison to £4.8m in 2023 and remained comfortably within appetite. For more information on provisions for impairment losses on loans and advances, see note 9 on page 56. Although the economy appears to have become more stable during 2024, uncertainty remains, with inflation remaining above the Bank of England's target level and interest rates consequently staying higher for longer. In response to this uncertainty, management continue to monitor the market and credit appetite accordingly.
Market risk For the Bank, market risk is primarily limited to interest rate risk, namely the risk that the value of the Bank's assets and liabilities, or its profitability, will fluctuate due to changes in interest rates. The Bank has no material exposure to foreign currencies.	• Regular ALCO meetings to review the structure of the balance sheet and the results of interest rate stress testing • Management of interest rate risk through careful management of the repricing profile of assets and liabilities and the use of interest rate swaps • Management of basis risk through the management of the structure of the balance sheet	Market interest rate risk was more stable in 2024 than in 2022 and 2023. Base rate was held at 5.25% until August 2024, at which point the Bank of England's MPC voted to reduce it to 5.00%. It was reduced to 4.75% in November 2024, where it remained for the rest of 2024. The market yield curve also moved during the year, for example the 5 year swap rate increased from 3.32% to 3.99%, resulting in a flatter yield curve at the end of the year than at the start. As expected, the Bank's net interest margin compressed in 2024 due to the transition from the lower interest rate environment in 2022/2023 and as older deposits matured and were replaced by deposits at newer, higher rates, which increased the Bank's average customer deposit rates in 2024. The Bank has a simple and transparent balance sheet and manages interest rate risk through controlling the maturity profile of customer deposits raised and by using interest rate swaps. The Bank uses both pay fixed and receive fixed swaps, and at year end had notional values of £220m pay fixed swaps (2023: £170m) and £100m (2023: £0m) of pay floating swaps outstanding. An analysis of the Bank's sensitivity to interest rate exposure is shown in note 25 on pages 64 to 65.

Risk Category	Mitigation	Update on risk profile in 2024
Operational risk Operational risk is the risk of loss arising from inadequate or failed processes, people and systems or from external events. Operational risks include cyber risk and risks related to operational resilience and the use of outsource service providers. Cyber risk is the risk of the Bank's information technology systems being penetrated to steal data or otherwise cause harm or disruption.	• Established policies and procedures that are regularly reviewed and updated • Experienced staff are employed • Formal and on the job training is provided • A regular Risk Control Self-Assessment process to ensure that risks are identified and managed effectively • Independent assurance testing • Regular risk incident reporting • Specialist cyber risk tools deployed across the Bank • Dedicated cyber security staff and resources who manage a range of preventative, detective and recovery measures • Phishing and cyber training provided to all staff • Established and tested Disaster Recovery and Business Continuity Plan arrangements	Throughout 2024, UTB has continued to successfully navigate elevated levels of cyber threats, including third party exposure to ransomware incidents and external misuse of our brand for the purpose of advance fee fraud. The Bank has conducted a number of blind tests against its detective and preventative controls in order to gain assurance on the effectiveness of existing systems and processes and highlight where improvements may be required. The results of these tests demonstrated the benefits of previous improvement efforts, resulting in fast detection and containment. Additionally, ongoing staff cyber training showed continued early reporting of suspicious emails resulting in the blocking of subsequent simulated malicious phishing campaigns in a satisfactory timeframe. The Bank continues to develop and improve upon its approach to operational risk. During the course of the year it undertook a complete review of its risk register, standardising and simplifying the descriptors, adding further support to the effectiveness of controls, and thereby ensuring that its assessment of both the residual risks and inherent risks is clear and readily maintained. Accompanying this has been an upgrade to the system used to maintain the risk register and the beginning of a project to further integrate the risk register with incidents, complaints and assurance work. Alongside this, the Bank has advanced its approach to operational resilience, ensuring that the Regulatory expectations for compliance in respect of the Bank's important business services by end March 2025 is met. This work incorporates all aspects of operational resilience, addressing the need to prevent, detect, respond to and recover from operational incidents. This has led to a further examination of the Bank's critical reliance on third-party suppliers, checking that the Bank has a clear view of its suppliers' operational resilience and an ability to manage any disruptions arising from their failure.
Conduct and compliance risk The risk of financial loss, regulatory sanctions, or loss of reputation as a result of failure to comply with applicable laws and regulations and standards of good practice, including the risk of poor outcomes for customers.	• Employment of experienced professionals in relevant areas supplemented with the use of external specialists where appropriate • Three Lines of Defence model • Regular monitoring of risks by the Compliance and Conduct Management Committee, Risk Committee and Board • Effective horizon scanning process to identify regulatory change • Staff regularly attend external regulatory events • Straightforward and uncomplicated products • Regular monitoring of customer outcomes through assurance testing and compliance reviews • Established Conduct Risk Framework which includes Consumer Duty, Vulnerable Customers and Complaints • Regular Consumer Duty, culture and conduct risk reporting and a comprehensive and evolving governance framework • Regular department and role specific staff training provided • Compliance Policy Framework (including whistleblowing and conflicts of interest) • Product Governance Policy & Product Price and Fair Value Framework • Intermediary Approval and Oversight Policy • Established processes for anti-money laundering, sanctions and fraud checking at relationship inception and in-life • Established Data Protection Framework • An active and open dialogue with regulators	The Bank continues to offer straightforward and uncomplicated products and to conduct regular monitoring of customer outcomes via a risk based approach. Staff awareness training is regularly updated in key areas of conduct and compliance, including anti-money laundering, data protection and conduct. Whilst there has been no change in the nature of the products offered, market conditions remained volatile due to the economic and geo-political environment. The Bank has implemented several changes during 2024 in response to regulatory consultation, guidance and policy statements, with the key changes being in mortgages following the update to MCOB and the continued evolution of the Bank's implementation of Consumer Duty in response to FCA publications. Particular attention continues to be given to enhancing the Bank's support for vulnerable customers which will continue into 2025 and take into the account the FCA's forthcoming report on the findings from their thematic review across the industry. Prudential regulation developments have been progressed in respect of operational resilience and outsourcing, with enhancements and embedding planned to continue through 2025 and onwards.

Emerging Risks

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

Economic Uncertainty

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

Persisting macroeconomic uncertainty, for example changes in macroeconomic policies or financial volatility, may impact business, customers and broader market confidence. The Bank's business model aims to enable it to conduct business successfully and support its customers and other stakeholders in a wide range of economic conditions. The Bank's strong financial and capital position should enable the Bank to absorb the effects of short-term economic downturns and respond to any change in market demand. The Bank continues to monitor this closely and focuses on the quality of its loans. The Bank's risk appetite is regularly reviewed to ensure it remains appropriate in the prevailing macroeconomic environment. The Bank conducts regular stress testing on performance and financial position in the event of various adverse conditions to test the robustness and resilience of the Bank's business operations and financial position.

Geopolitical Uncertainty

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

The Bank operates solely in the UK so the direct impact of geopolitical events, such as global conflicts and the US electoral cycle, is usually limited. However, management monitors significant developments in the geopolitical landscape that may materially affect the Bank's operations, customers, employees and supply chain. The Bank maintains a strong financial position, whilst maintaining capital and liquidity levels above regulatory requirements. The Bank regularly tests its financial and operational resilience under different scenarios.

IT and Cyber Risk

The risks arising from inadequate internal and external information and cyber security, where failures impact the confidentiality, integrity and availability of electronic data. Including the risk of indirect information exposure through third party breaches.

IT and Cyber risk is a continually evolving threat which regularly presents new challenges. The Bank uses an industry-standard framework to anchor its cyber risk management, continually assessing and developing its maturity. The Bank maintains robust cyber and information security standards and policies, and controls are in place and operating, with periodic assurance completed. This includes threat intelligence, education and awareness, partnerships with strategic partners and effective deployment across the three lines of defence model to manage and undertake assurance of controls within the Bank and its third parties.

Climate Change

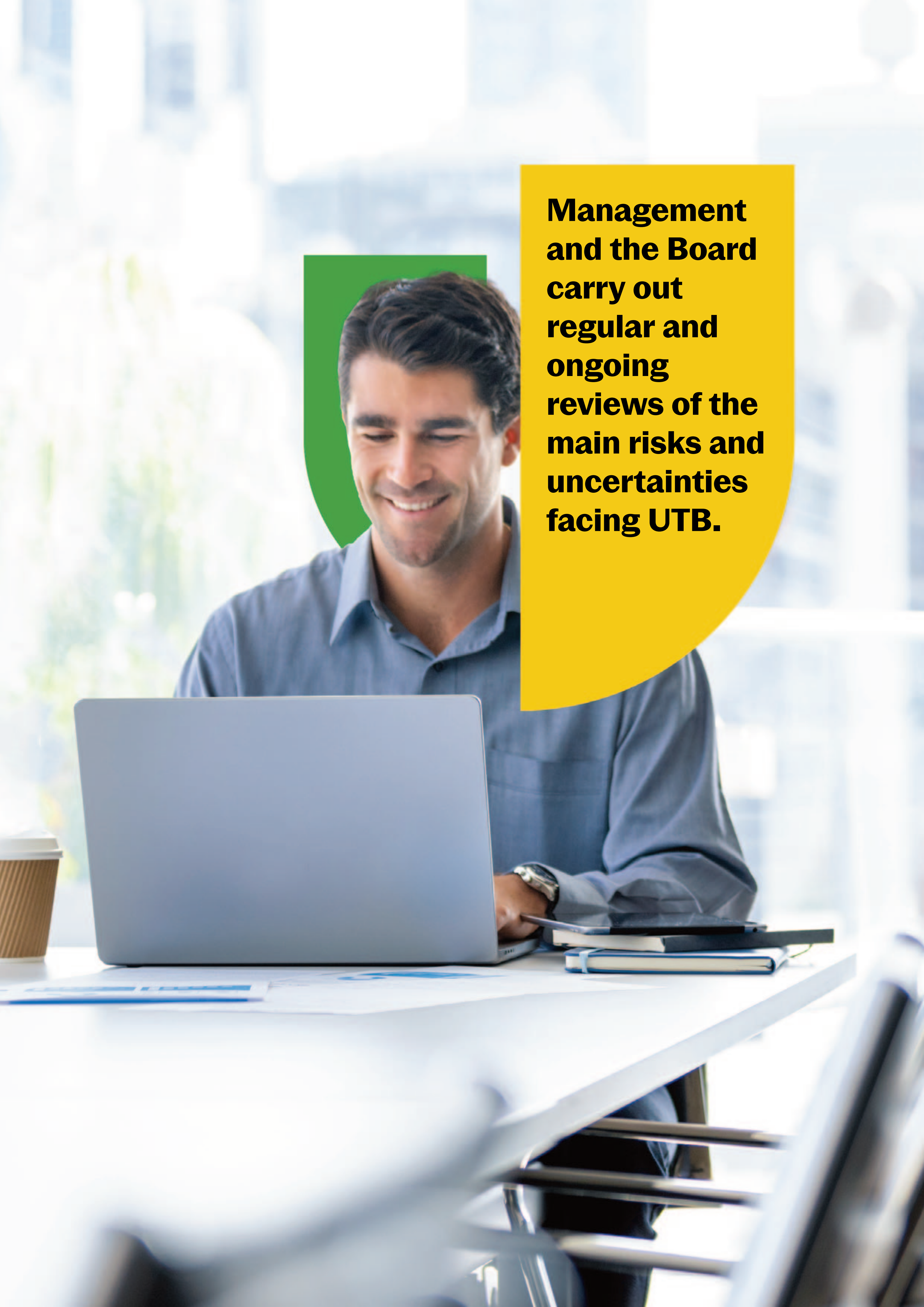
Physical risks and the risk that the move to a low carbon economy affects demand for the Bank's products and services.

Climate change risks include the financial, operational and reputational risks arising due to climate and weather-related events and the political and social response to this threat. Climate change represents an area of continuing focus, both within the Bank and across the industry more broadly. The Bank's Climate Change committee oversees the assessment of climate change related risk to the Bank. The Bank has prepared climate change scenario analysis that supports the conclusion included in the Bank's ICAAP that climate change is not a key financial risk for UTB. In the year the Bank continued to purchase carbon offsets. Details on the Bank's approach to climate change risk can be found on pages 14 to 18.

Regulatory and Legal Change

The risk of non-compliance with laws and regulations which could give rise to fines, litigation, sanctions and/or direct claims by customers and the potential for material adverse impact upon the Bank.

The Bank operates in a developing, complex and demanding regulatory environment. Key developments include the forthcoming Basel 3.1 and Small Domestic Deposit Takers regimes, currently scheduled for introduction in January 2027, and work on operational resilience. UTB has a horizon scanning and monitoring framework which is maintained to identify regulatory and legal changes that could materially impact its operations, including legislative and regulatory and legal reform and changes in regulatory practice. The Bank regularly engages with its regulators, the PRA and FCA, as well as industry bodies and external advisers, to understand relevant changes.



Management and the Board carry out regular and ongoing reviews of the main risks and uncertainties facing UTB.

Financial Statements

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

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Statement of Financial Position as at 31 December 2024; the Income Statement, Statement of Comprehensive Income and Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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

Basis for opinion

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

Independence

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

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

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

Our audit approach

Overview

Audit scope	• The scope of our audit and the nature, timing and extent of audit procedures performed were determined by our risk assessment and other qualitative factors (including history of misstatement through fraud and error)
Key audit matters	• Loan impairment and provisioning
Materiality	• Overall materiality: £4.3 million (2023: £4.1 million) based on 5% of Profit on ordinary activities before tax • Performance materiality: £3.2 million (2023: £3.0 million).

The scope of our audit

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

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Key audit matter	How our audit addressed the key audit matter
Loan impairment and provisioning Refer to note 8: Loans and advances to customers and note 9: Provision for impairment losses on loans and advances to customers. The company has an impairment provision of £8.3m to account for incurred impairment losses on the loan book. The provision is split between a collective provision of £3.0m to account for losses that have not yet been individually identified, and an individual impairment provision of £5.3m to cover losses on individually impaired loans. We focus on this area given the judgements and degree of estimation uncertainty involved in the impairment assessment. While our audit testing covers both the collective and specific provisions, the highest degree of estimation uncertainty is considered to be the level of provision required for individually impaired loans in the Property business (Property Development and Structured Finance). These loans are considered by management on a case-by-case basis using discounted cash flow models that require assumptions over future costs/property sale values which can result in subjectivity in the estimates. We also consider the completeness of the individually assessed provisions within these portfolios to be a significant risk given the size and nature of the lending.	• We evaluated the design and implementation of the key controls over the loan impairment process. • We evaluated the conceptual soundness of the impairment methodology to assess whether it is in compliance with the requirements of FRS 102. • For a sample of loans that were individually impaired, including the most significant exposures, we evaluated the reasonableness of the assumptions used in the discounted cash flow model given the borrowers' circumstances. • We assessed the reasonableness of the valuations of collateral by reviewing third party valuations (where available) and comparable recent sales. • We tested the completeness of the individually assessed provision by selecting a sample of exposures that were not individually assessed for impairment. Our work over these exposures included obtaining evidence over the collateral held, confirming that monitoring of the development project was performed and assessing whether there were any indications that the loan should be considered individually impaired. • We evaluated the adequacy of the disclosure relating to impairment of loans and advances to customers.

How we tailored the audit scope

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

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

Key management and business activities, including the financial reporting processes and the core systems, are located in London. The structure of our audit reflects the nature of the company and its operations, with all work performed by one team based in London.

The impact of climate risk on our audit

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

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

Materiality

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

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

Overall company materiality	£4.3 million (2023: £4.1 million)
How we determined it	5% of Profit on ordinary activities before tax
Rationale for benchmark applied	Profit on ordinary activities before tax is considered a primary measure used by the shareholders in assessing the performance of the company and is a generally accepted auditing benchmark.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to £3.2 million (2023: £3.0 million) for the company financial statements.

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

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.2 million (2023: £0.2 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

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

- Evaluation of the directors' going concern assessment, including consideration of the impact of current economic environment;
- Evaluation of management's financial forecasts and the accuracy of the budgeting process through a comparison of the 2024 budget and the actual results;
- Assessing the reasonableness of management's severe but plausible scenario and considering whether management actions that can be deployed to increase regulatory capital ratios, if required, are reasonable. We considered whether it was reasonable to assume the company would continue to operate above required regulatory capital and liquidity minima during times of stress;
- Reviewing management's stress testing of liquidity and evaluation of the impact on liquidity of past stress events. We also substantiated the liquid resources held, and liquidity facilities available to the company, for example, with the Bank of England;
- Meeting with the Prudential Regulation Authority to understand their perspectives on the company's capital and liquidity positions; and
- Reading and evaluating the adequacy of the disclosure made in the financial statements in relation to going concern and checking the consistency of the disclosures with our knowledge of the company based on our audit.

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

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

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these Responsibilities.

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

- performing enquiries of the Audit Committee, senior management (including risk and compliance), and internal audit, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Enquiry of the PRA and review of key correspondence with the PRA and FCA in relation to compliance and regulatory matters;
- incorporating unpredictability into the nature, timing and/or extent of our testing;
- performing a critical assessment of whether key management judgements and estimates were subject to bias; and
- identifying and testing selected journal entries including those posted by unexpected users and those posted to unusual account combinations.

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

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

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

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

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

Other required reporting

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

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the directors on 21 April 2022 to audit the financial statements for the year ended 31 December 2022 and subsequent financial periods. The period of total uninterrupted engagement is three years, covering the years ended 31 December 2022 to 31 December 2024.

Luke Hanson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 February 2025

Income Statement
For The Year Ended 31 December 2024

	Note	2024 £'000	2023 £'000
Interest receivable and similar income	2	**320,696**	259,393
Interest payable and similar charges		**(155,666)**	(105,094)
Net interest income		**165,030**	154,299
Other charges		**(59)**	(153)
Operating income		**164,971**	154,146
Administrative expenses	3	**(75,360)**	(65,369)
Depreciation and amortisation		**(1,578)**	(1,256)
Provision for impairment losses	9	**(1,664)**	(4,782)
Profit on ordinary activities before tax		**86,369**	82,739
Tax charge for the year	5	**(20,597)**	(19,465)
Profit after tax retained for the financial year		**65,772**	63,274

The above results are derived wholly from continuing operations. The notes on pages 50 to 66 form an integral part of these financial statements.

Statement of Comprehensive Income
For The Year Ended 31 December 2024

	2024 £'000	2023 £'000
Profit for the financial year	**65,772**	63,274
Total comprehensive income	**65,772**	63,274

Statement of Financial Position
At 31 December 2024

	Note	2024 £'000	2023 £'000
Assets			
Loans and advances to central bank	7	**204,053**	241,996
Loans and advances to other banks	7	**77,909**	52,696
Loans and advances to customers	8	**3,487,345**	3,104,356
Loans to group companies	17	**499**	369
Debt securities	10	**118,562**	19,510
Derivative financial instruments	11	**3,600**	2,039
Equity shares	12	**1,300**	1,000
Tangible fixed assets	13	**697**	1,003
Intangible assets	14	**6,790**	5,288
Other assets	15	**12,505**	11,911
Total assets		**3,913,260**	3,440,168
Liabilities			
Deposits from customers	16	**3,407,271**	2,797,361
Loans from central bank	16	**60,648**	263,441
Loans from group companies	17	**3,048**	1,522
Derivative financial instruments	11	**279**	1,329
Other liabilities	18	**22,549**	20,076
Long-term subordinated debt	20	**56,603**	56,640
Total liabilities		**3,550,398**	3,140,369
Capital and Reserves			
Share capital	21	**10,350**	10,350
Share premium		**25,680**	25,680
Contingent convertible securities	22	**16,851**	16,851
Retained earnings		**309,981**	246,918
Total capital and reserves		**362,862**	299,799
Total equity and liabilities		**3,913,260**	3,440,168

The notes on pages 50 to 66 form an integral part of these financial statements.

The financial statements of United Trust Bank Limited were approved by the Board of Directors and authorised for issue on 28 February 2025. They were signed on its behalf by:

Harley Kagan
Chief Executive Officer
28 February 2025

Jonathan Ayres
Chief Financial Officer
28 February 2025

Statement of Changes in Equity
For The Year Ended 31 December 2024

	Share capital £'000	Share premium £'000	Contingent convertible securities £'000	Retained earnings £'000	Total £'000
At 1 January 2023	**10,350**	**25,680**	**16,851**	**186,228**	**239,109**
Profit for the financial year	-	-	-	63,274	63,274
Coupon payable on contingent convertible securities	-	-	-	(2,584)	(2,584)
Share based payments charge	-	-	-	744	744
Share based payments recharged from parent	-	-	-	(744)	(744)
At 31 December 2023	**10,350**	**25,680**	**16,851**	**246,918**	**299,799**
Profit for the financial year	-	-	-	65,772	65,772
Coupon payable on contingent convertible securities	-	-	-	(2,709)	(2,709)
Share based payments charge	-	-	-	1,526	1,526
Share based payments recharged from parent	-	-	-	(1,526)	(1,526)
At 31 December 2024	**10,350**	**25,680**	**16,851**	**309,981**	**362,862**

1. Summary of significant accounting policies

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

a. General information and basis of accounting

United Trust Bank Limited ("the Bank" or "the Company") is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 67. The nature of the Bank's operations and principal activities are set out in the Strategic Report on pages 6 to 9 and Directors' Report on pages 22 to 23.

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

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

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

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

b. Going concern

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

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

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

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

c. Income recognition

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

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

d. Taxation

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

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

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

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

e. Tangible fixed assets

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

Computer and office equipment
- between 10% and 33% per annum

Leasehold improvements
- over the remaining life of the lease

Motor vehicles
- 20% per annum

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

f. Intangible assets

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

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

g. Leases

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

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

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

h. Financial instruments

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

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

(i) Financial assets and liabilities

Initial recognition

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

Subsequent recognition

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

Derecognition

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

k. Pension costs and other post-retirement benefits
The Bank operates defined contribution retirement benefit schemes for all qualifying employees. The amount charged to the profit and loss account in respect of pension costs is the value of contributions payable during the year. Differences between contributions payable during the year and contributions actually paid are included within accruals or prepayments in the balance sheet.

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

The fair value of any options granted is assessed using the Black Scholes pricing model based on the option strike price and an estimate of the share price of the Bank's parent company and the option strike price. The expected life used in the model is based on management's best estimate, which considers non-transferability, exercise restrictions and behavioural factors. The volatility measure is also based on management's best estimate, as the shares are unlisted and there is no active trading in them.

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

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

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

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

Judgements
Classification of contingent convertible securities:

The classification of the contingent convertible securities is a judgement made by management. The Bank had £16.9 million of Fixed Rate Reset Additional Tier 1 Perpetual Subordinated Contingent Convertible Securities in issue at 31 December 2024 (the "AT1 Securities"), see note 22 for further details.

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

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

2. Interest receivable and similar income

	2024 £'000	2023 £'000
Interest charged to customers	**279,518**	228,614
Interest from banks and debt securities	**16,221**	13,033
Fees and commissions income on EIR basis	**33,536**	26,814
Fees and commissions expense on EIR basis	**(11,363)**	(11,095)
Interest income on financial assets not measured at fair value through profit and loss	**317,912**	257,366
Derivative interest income	**2,784**	2,027
Interest receivable and similar income	**320,696**	259,393

Derivative interest income and interest from banks and debt securities, that have previously been included within interest charged to customers, are now presented as separate lines, and the comparatives have been adjusted.

3. Administrative expenses

	2024 £'000	2023 £'000
Staff costs:		
- wages and salaries	**37,819**	35,623
- share based payments	**1,526**	744
- social security costs	**5,736**	5,131
- pension costs	**3,520**	2,821
- other staff costs	**2,171**	1,780
Fees payable to the Company's auditors:		
- audit of Company's annual financial statements	**400**	419
- audit of parent company's annual financial statements	**79**	30
Total audit fee	**479**	449
- audit related assurance services	**54**	117
- other assurance services	**-**	25
Total non-audit fee	**54**	142
Total fees payable to Company's auditor	**533**	591
Loss on disposal of tangible and intangible assets	**8**	123
Operating Leases: Property	**1,466**	1,173
Other administrative expenses	**22,581**	17,383
	75,360	65,369

The average number of people employed by the Bank (including executive directors) during the year was 425 (2023: 378). At the end of the year, the Bank employed 435 people (2023: 404). Staff costs include directors' remuneration set out in note 4.

The average number of people employed by the Bank is analysed below:	2024 Average No.	2023 Average No.
Lending	**269**	239
Treasury and central services	**156**	139
	425	378

4. Directors' remuneration

	2024 £'000	2023 £'000
The remuneration of the directors was as follows:		
- emoluments	**3,111**	2,927
- company contribution to money purchase pension schemes	**33**	33

	2024 No.	2023 No.
The number of directors who:		
Are members of money purchase pension schemes	**3**	3

None of the directors exercised share options in the parent's shares during the year (2023: 1).

	2024	2023
	£'000	£'000
The above amounts for remuneration include the following in respect of the highest paid director:		
- emoluments and incentive schemes	**1,353**	1,252
- other pension costs	**10**	8

5. Tax charge for the year

Analysis of tax charge on ordinary activities

	2024	2023
	£'000	£'000
Current tax on profit on ordinary activities	**21,670**	19,969
Adjustments in respect of prior year:		
- UK corporation tax	**(541)**	(578)
Total current tax	**21,129**	19,391
Deferred tax:		
- origination and reversal of timing differences	**(662)**	161
- effect of increase in tax rate on opening asset	**(113)**	(52)
- prior year adjustment	**243**	(35)
Total deferred tax for the year	**(532)**	74
Total tax on profit on ordinary activities	**20,597**	19,465

Following the enactment of the Finance Bill 2022, there were two key announcements that affected the Bank. The UK Corporation Tax rate for non-ring fenced entities increased from 19% to 25%, and the UK Bank Surcharge Levy reduced from 8% to 3% with an increased surcharge allowance of £100m of taxable profits, these rates were applicable from 1 April 2023.

As a UK based business with consolidated revenue below the relevant threshold, the Bank is not expecting to be impacted by the Pillar 2 (Global Minimum Tax) legislation.

The standard rate of tax applied to reported profits on ordinary activities for the year was 25.0% (2023: blended rate 23.5%). The Banking Surcharge Levy was not payable by the Bank given that the taxable profits were below the revised surcharge allowance (2023: blended rate 2%).

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

	2024	2023
	£'000	£'000
Profit on ordinary activities before tax	**86,369**	82,739
Tax charge at 25.0% (2023: 23.5%) thereon:	**21,592**	19,444
Effects of:		
- expenses and provisions not deductible for tax purposes	**96**	193
- tax rate changes on deferred tax balances	**(113)**	(52)
- other timing differences	**(3)**	(5)
- Bank Surcharge Levy	-	1,105
- prior year adjustment	**(298)**	(613)
- tax on items recognised in equity	**(677)**	(607)
Total tax charge for the year	**20,597**	19,465

6. Share-based payments

Equity-settled share option schemes

The Bank's parent company has two share option schemes for a number of the Bank's directors and employees. For both schemes the vesting period is four years; the options expire if they remain unexercised after a period of ten years from the date of grant; and unexercised options are forfeit if the employee leaves the Bank before the options vest. One scheme contains a performance condition linked to return on equity over the vesting period.

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

	2024		2023	
	Number of share options	**Weighted average exercise price (£)**	Number of share options	Weighted average exercise price (£)
Outstanding at beginning of year	**438,375**	**25.80**	482,625	24.49
Granted during the year	**14,000**	**1.00**	52,900	1.00
Exercised during the year	-	-	(84,000)	1.23
Lapsed during the year	**(6,275)**	**27.24**	(13,150)	34.86
Outstanding at the end of the year	**446,100**	**25.00**	438,375	25.80
Exercisable at the end of the year	**383,742**		314,844	

The parent company, UTB Partners Plc has acquired, via the UTB Employee Benefit Trust (the "EBT"), 405,000 shares (2023: 405,000) to settle the issuance of options shown above.

The options outstanding at 31 December 2024 had a weighted average exercise price of £25.00 (2023: £25.80) and a weighted average remaining contractual life of six years.

There were 14,000 options granted in 2024 (2023: 52,900). The inputs into the Black Scholes model for options granted in 2024 were as follows:

	2024	2023
Weighted average share price	**£61.28**	£50.81
Weighted average exercise price	**£1.00**	£1.00
Expected volatility	**32%**	32%
Expected life	**6 Years**	6 Years
Risk-free rate at date of grant	**4.53%**	4.95%

Expected volatility for 2024 options granted was determined at 32%, based on management's best estimate, as the shares are unlisted and there is no trading. The expected life used in the model has been assessed, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural factors. See note 3 for share-based payments expense charged to profit and loss.

7. Loans and advances to banks

	2024	2023
	£'000	£'000
Amounts falling due within one year:		
- Loans and advances to central bank	**204,053**	241,996
- Loans and advances to other banks	**77,909**	52,696
	281,962	294,692

8. Loans and advances to customers

	2024 £'000	2023 £'000
Property portfolio loan receivables	**1,807,971**	1,652,191
Mortgages portfolio loan receivables	**1,218,301**	1,063,658
Asset Finance portfolio loan receivables	**12,639**	7,479
Finance lease and hire purchase receivables	**448,434**	381,028
	3,487,345	3,104,356

£502m of mortgage portfolio and finance lease receivables (2023: £493m) were pledged as collateral to the Bank of England in relation to drawings against the Bank of England's Term Funding Scheme with additional incentives for SMEs and Index Long Term Repo – see note 16.

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

Property portfolio loan receivables	2024 £'000	2023 £'000
Amounts falling due:		
- on demand	**187,507**	86,477
- within one year	**1,115,510**	1,064,485
- over one year but less than five years	**509,403**	505,549
	1,812,420	1,656,511
Less: provision for impairment losses (see note 9)	**(4,449)**	(4,320)
	1,807,971	1,652,191

Mortgages portfolio loan receivables	2024 £'000	2023 £'000
Amounts falling due:		
- on demand	**2,529**	1,774
- within one year	**50,780**	46,018
- over one year but less than five years	**193,184**	175,335
- more than five years	**977,355**	843,153
	1,223,848	1,066,280
Less: provision for impairment losses (see note 9)	**(2,184)**	(2,209)
Fair value hedge adjustment	**(3,363)**	(413)
	1,218,301	1,063,658

Asset finance portfolio loan receivables	2024 £'000	2023 £'000
Amounts falling due:		
- on demand	**786**	-
- within one year	**27**	7,479
- over one year but less than five years	**11,826**	-
	12,639	7,479
Less: provision for impairment losses (see note 9)	-	-
	12,639	7,479

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

Finance lease and hire purchase receivables	2024 £'000	2023 £'000
Gross investment in receivables falling due:		
- within one year	**174,777**	124,542
- over one year but less than five years	**354,876**	321,884
- more than five years	**1,380**	2,445
	531,033	448,871
Less: unearned future finance income	**(80,913)**	(66,248)
Net investment in finance lease and hire purchase receivables	**450,120**	382,623

	2024	2023
	£'000	£'000
Net investment in finance lease and hire purchase receivables:		
- within one year	**138,283**	112,993
- over one year but less than five years	**310,512**	268,498
- more than five years	**1,325**	1,132
Net investment in finance lease and hire purchase receivables	**450,120**	382,623
Less: provision for impairment losses on finance lease and hire purchase receivables (see note 9)	**(1,686)**	(1,595)
	448,434	381,028

	2024	2023
	£'000	£'000
Net receivable under finance leases and hire purchase contracts comprises:		
- finance leases	**14,347**	14,944
- hire purchase	**435,773**	367,679
	450,120	382,623

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

The charge for impairment losses is made up as follows:

Impairment losses taken to income statement	2024	2023
	£'000	£'000
Individual impairments	**1,367**	4,636
Collective impairment	**297**	484
Unwind of discounting and recovery of loans previously written off	-	(338)
	1,664	4,782

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

Individual impairments provision	2024	2023
	£'000	£'000
Balance at 1 January	**5,350**	2,618
Charged	**3,667**	4,740
Released	**(2,300)**	(104)
Increase recognised in income statement	**1,367**	4,636
Utilised during the year	**(1,469)**	(1,904)
At 31 December	**5,248**	5,350

Collective impairment provision	2024	2023
	£'000	£'000
Balance at 1 January	**2,774**	2,290
Increase recognised in income statement	**297**	484
At 31 December	**3,071**	2,774

Balance at 31 December	2024	2023
	£'000	£'000
Individual impairment provision of which:		
- Property portfolio	**2,311**	2,313
- Mortgages portfolio	**1,924**	2,209
- Finance lease and hire purchase receivables	**1,013**	828
	5,248	5,350
Collective impairment provision of which:		
- Property portfolio	**2,138**	2,007
- Mortgages portfolio	**260**	-
- Finance lease and hire purchase receivables	**673**	767
	3,071	2,774

10. Debt securities

	2024 £'000	2023 £'000
Issued by public bodies		
- government securities	**118,562**	19,510
	118,562	19,510

	2024 £'000	2023 £'000
Maturity of debt securities:		
- due within one year	**108,996**	19,510
- over one year but less than five years	**9,566**	-
	118,562	19,510

None of the debt securities were encumbered at 31 December 2024 (2023: none).

11. Derivative financial instruments

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

Derivatives designated in fair value hedge relationship:

Hedged item	2024 £'000 Loans and advances to customers	2024 £'000 Deposits from customers	2024 £'000 Total	2023 £'000 Loans and advances to customers
Derivative financial instruments carrying amount:				
Assets	**3,600**	-	**3,600**	2,039
Liabilities	**20**	**259**	**279**	1,329
Notional amounts	**220,000**	**100,000**	**320,000**	170,000
Carrying amount of the hedged item	**216,637**	**99,743**	**316,380**	169,587
Cumulative fair value adjustment on the hedged item	**(3,363)**	**257**	**(3,106)**	(413)
Change in fair value in year for calculating ineffectiveness (hedged item)	**(2,950)**	**257**	**(2,693)**	3,033
Change in fair value in year for calculating ineffectiveness (hedging instrument)	**2,911**	**(225)**	**2,686**	(3,018)
Hedge ineffectiveness in the year	**39**	**(32)**	**7**	(15)

12. Equity shares

	2024 £'000	2023 £'000
Equity shares	**1,300**	1,000
	1,300	1,000

The Bank owns 15.2% (2023: 15.5%) of the equity share capital of Optalitix Limited. During the year the Bank invested a further £300k into Optalitix. Optalitix Limited is a software development company producing products for the insurance and banking industry and is a supplier to the Bank. The address of the registered office of Optalitix Limited is 7 Granard Business Centre, Bunns Lane, Mill Hill, London, NW7 2DQ.

13. Tangible fixed assets

	Leasehold Improvements	Computer and Office Equipment	Motor Vehicle	Total
	£'000	£'000	£'000	£'000
Cost:				
1 January 2024	1,374	1,653	100	3,127
Additions	58	41	57	156
Disposals	(467)	-	(56)	(523)
31 December 2024	965	1,694	101	2,760
Accumulated depreciation:				
1 January 2024	1,043	1,069	12	2,124
Charge	121	279	20	420
Disposals	(467)	-	(14)	(481)
31 December 2024	697	1,348	18	2,063
Net book value:				
31 December 2023	331	584	88	1,003
31 December 2024	**268**	**346**	**83**	**697**

14. Intangible assets

	2024
	£'000
Cost:	
1 January 2024	**8,967**
Additions	**2,660**
Disposals	**(3)**
31 December 2024	**11,624**
Accumulated amortisation:	
1 January 2024	**3,679**
Charge	**1,158**
Disposals	**(3)**
31 December 2024	**4,834**
Net book value:	
31 December 2023	**5,288**
31 December 2024	**6,790**

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

15. Other assets

	2024	2023
	£'000	£'000
Deferred tax asset	**3,443**	2,911
Corporation tax	**1,317**	1,305
Prepayments and deferred expenses	**7,745**	7,695
	12,505	11,911

Deferred tax asset:		
As at 1 January	**2,911**	2,985
Origination and reversal of timing differences	**662**	(161)
Effect of increase in tax rate on opening asset	**113**	52
Prior year adjustment	**(243)**	35
As at 31 December	**3,443**	2,911

A deferred tax asset of £3.4m has been recognised at 31 December 2024 (2023: £2.9m) mainly representing timing differences on finance lease receivables and share based payments. The directors are of the opinion, based on recent and forecast performance of the Bank, that when these timing differences reverse, the expected level of future profits will be sufficient to recover the tax benefit deferred.

16. Financial liabilities

	2024	2023
	£'000	£'000
Deposits from customers falling due:		
- on demand	**41,006**	15,872
- within one year	**2,259,209**	1,864,110
- over one year but less than five years	**1,056,560**	869,806
- over five years	**50,496**	47,573
Loans from central bank	**60,648**	263,441
	3,467,919	3,060,802

Loans from central bank includes £50.6m (2023: £263.4m) drawn (including accrued interest) under the Bank of England's Term Funding Scheme with additional incentives for SMEs which are repayable by 31 October 2025. The remaining in 2024 balance represents Bank of England Index Long Term Repo funding.

17. Loans to and from group companies

	2024	2023
	£'000	£'000
Amounts owed to group companies	**3,048**	1,522
Amounts owed by group companies	**(499)**	(369)
	2,549	1,153

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

In addition to the above, the Bank also issued £17.0m long-term subordinated debt to its parent company UTB Partners Plc in 2023, see note 20 for further details.

18. Other liabilities

	2024	2023
	£'000	£'000
Accrued interest payable	**230**	238
Accruals and deferred income	**22,319**	19,838
	22,549	20,076

19. Financial instruments

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

	2024	2023
	£'000	£'000
Financial assets		
Measured at amortised cost:		
- cash and balances at central bank	**204,053**	241,996
- loans and advances to other banks	**77,909**	52,696
- loans and advances to customers	**3,487,345**	3,104,356
- loans to group companies	**499**	369
- debt securities	**118,562**	19,510
Measured at fair value:		
- derivative financial instruments	**3,600**	2,039
	3,891,968	3,420,966
Financial liabilities		
Measured at amortised cost:		
- deposits from customers	**3,407,271**	2,797,361
- loans from central bank	**60,648**	263,441
- loans from group companies	**3,048**	1,522
- long-term subordinated debt	**56,603**	56,640
Measured at fair value:		
- derivative financial instruments	**279**	1,329
	3,527,849	3,120,293

Fair value hierarchy

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

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

	2024	2023
	£'000	£'000
Interest income and expense		
Interest income on financial assets at amortised cost	**317,912**	257,366
Interest income on financial assets at fair value	**2,784**	2,027
Interest expense on financial liabilities at amortised cost	**(155,666)**	(105,094)
	165,030	154,299
Impairment losses		
On financial assets measured at amortised cost	**1,664**	4,782
	1,664	4,782

20. Long-term subordinated debt

	2024	2023
	£'000	£'000
2019 Subordinated debt	**20,370**	20,341
2020 Subordinated debt	**9,101**	9,060
2023 Subordinated debt	**27,132**	27,239
	56,603	56,640

The 2019 subordinated debt bears interest at 11.04% payable semi-annually and is callable at the Bank's option from 30 September 2024, with a final redemption date of 31 March 2030.

The 2020 subordinated debt bears interest at 9.0% payable annually and is callable at the Bank's option from 30 November 2025, with a final redemption date of 31 May 2031.

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

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

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

21. Share capital

	2024	2023
	£'000	£'000
Value of shares		
Issued, allotted, called up and fully paid:		
1 January (Ordinary shares of £1 each)	**10,350**	10,350
31 December (Ordinary shares of £1 each)	**10,350**	10,350

Number of shares

	2024	2023
	'000	'000
Issued, allotted, called up and fully paid:		
1 January (Ordinary shares of £1 each)	**10,350**	10,350
31 December (Ordinary shares of £1 each)	**10,350**	10,350

The Bank issued no shares in the year.

The Bank's other reserves are as follows:

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

22. Contingent convertible securities

	2024	2023
	£'000	£'000
2015 contingent convertible securities	**4,700**	4,700
2017 contingent convertible securities	**12,151**	12,151
	16,851	16,851

The interest rates on the Contingent Convertible Securities ("AT1 Securities") reset every 30 November at a fixed margin over the 1-year mid-swap rate as provided in the Securities Certificates. The 2015 Contingent Convertible Securities currently pay interest at a rate of 15.954% per annum and the 2017 Contingent Convertible Securities currently pay interest at a rate of 14.598% per annum.

The AT1 Securities are convertible into ordinary shares of the Company in the event of the CET1 capital ratio of the Bank falling below 7 percent, see note 1(n).

23. Commitments and guarantees and assets pledged as security

	2024	2023
	£'000	£'000
Conditional commitments to lend	**601,591**	537,397

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

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

	2024	2023
	£'000	£'000
Commitments under annual operating leases for leased property expiring in:		
- less than one year	**758**	1,673
- one to two years	**4,101**	762
- two to five years	**101**	4,201
	4,960	6,636

24. Related party transactions

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

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

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

At 31 December 2024, the Bank held £0.1m (2023: £0.1m) in deposits accounts for some key management personnel and their close family members. Such deposits are held in the normal course of business.

Optalitix Limited
Details of the relationship with Optalitix Limited are set out in note 12. Mr Graham Davin, a Director of the Company, is the Chair of Optalitix Limited. During the year Optalitix Limited provided services to the Bank of £1.3m (2023: £1.0m). As at 31 December 2024 the balance owed by the Bank to Optalitix Limited was nil (2023: nil).

25. Risk management

Risk is inherent in all aspects of the Bank's business and effective risk management is a core objective for the Bank. Further details of the Bank's risk management framework can be found in the Risk Management Report on pages 32 to 40.

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

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

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

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

The Bank seeks to mitigate credit risk by:

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

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

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

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

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

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

Distribution of loans and advances to customers by credit quality

	2024	2023
	£'000	£'000
Neither past due nor impaired	**3,191,306**	2,891,134
Of which forborne	**10,747**	12,272
Past due but not impaired		
Loans and receivables at amortised cost:		
- one month or less	**60,481**	77,382
- over one month to three months	**64,137**	54,376
- over three months to twelve months	**95,357**	39,738
- over twelve months	**22,313**	3,340
Individually impaired loans	**62,069**	46,510
Of which repossessions	**22,861**	17,312
Less: provisions	**(8,318)**	(8,124)
	3,487,345	3,104,356

Included within neither past due nor impaired are £42.9m of loans (2023: £84.5m) that are tracked on the Bank's Watch and Recoveries List. Whilst these loans continue to perform, they are given additional attention, oversight and supervision due to changes in borrower circumstances.

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

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

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

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

	50% or lower	**>50% to 60%**	**>60% to 70%**	**>70% to 80%**	**>80% to 90%**	**Over 90%**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
December 2024	554,073	617,029	1,075,556	633,703	112,327	40,217	3,032,905
% of total	18%	20%	36%	21%	4%	1%	
December 2023	661,435	614,418	842,535	439,085	138,467	26,438	2,722,378
% of total	24%	23%	31%	16%	5%	1%	

The purchase value of assets relating to finance lease and hire purchase receivables was £695m (2023: £593m).

Maximum exposure to credit risk
The Bank's maximum exposure to credit risk is £4,494m (2023: £3,958m) which consists of the carrying amount of financial instruments assets (note 19) plus the undrawn commitments (note 23).

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

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

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

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

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

Undiscounted financial liabilities

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

2023 (Restated)	Not more than three months	More than three months but not more than six months	More than six months but not more than one year	More than one year but less than five years	More than five years	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Deposits from customers	356,973	370,525	727,043	991,761	501,801	2,948,103
Loans from central bank	3,441	3,413	6,825	271,065	-	284,744
Other financial liabilities	19,838	-	238	-	-	20,076
Long term subordinated debt	2,009	-	23,667	48,919	-	74,595
Loans from group companies	1,522	-	-	-	-	1,522
Derivative financial instruments	(1,031)	-	-	550	2,036	1,555
Total	382,752	373,938	757,773	1,312,295	503,837	3,330,595

Prior year comparatives for Deposits from customers restated to align with 2024 methodology.

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

The Bank seeks to mitigate interest rate risk through regular review of:
- The structure of the balance sheet;
- Results of stress testing; and
- Management of the repricing profile of assets and liabilities.

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

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

As at 31 December 2024, the estimate that a 200bps upward and downward movement in interest rates would have impacted the economic value of equity (EVE) is as follows:

	2024	2023
	£'000	£'000
EVE Sensitivity +200bps	(5.5)	4.0
EVE Sensitivity -200bps	6.2	(2.8)

Interest rate re-pricing table

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

2023	**Not more than three months**	**More than three months but not more than six months**	**More than six months but not more than one year**	**More than one year but less than five years**	**More than five years**	**Non-interest bearing**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Loans and advances to customers	1,152,032	233,286	411,195	1,296,732	1,127	9,984	3,104,356
Loans and advances to banks	294,692	-	-	-	-	-	294,692
Loans to group companies	-	-	-	-	-	369	369
Debt securities	-	19,499	-	-	-	11	19,510
Other assets	2,039	-	-	-	-	19,202	21,241
	1,448,763	252,785	411,195	1,296,732	1,127	29,566	3,440,168
Deposits from customers	784,215	356,575	695,826	869,806	47,573	43,366	2,797,361
Loans from central bank	263,441	-	-	-	-	-	263,441
Other liabilities	1,329	-	-	-	-	20,076	21,405
Long term subordinated debt	-	-	-	38,850	17,000	790	56,640
Loans from group companies	-	-	-	-	-	1,522	1,522
Total Capital and Reserves	-	-	16,851	-	-	282,948	299,799
	1,048,985	356,575	712,677	908,656	64,573	348,702	3,440,168
Net derivative financial instruments	170,000	-	-	(170,000)	-	-	-
Interest rate sensitivity gap	569,778	(103,790)	(301,482)	218,076	(63,446)	(319,136)	
Cumulative gap	**569,778**	**465,988**	**164,506**	**382,582**	**319,136**	**-**	

26. Capital management

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

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

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

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

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

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

Regulatory capital resources

	2024	2023
	£'000	£'000
Common equity tier 1 capital		
Called up share capital	**10,350**	10,350
Share premium	**25,680**	25,680
Retained earnings	**309,981**	246,918
Deductions from common equity tier 1 capital		
Intangible assets	**(5,092)**	(3,966)
Other deductions	**(12,581)**	(12,012)
Common equity tier 1 capital	**328,338**	266,970
Additional tier 1 capital	**16,851**	16,851
Total tier 1 capital	**345,189**	283,821
Tier 2 capital		
Subordinated debt	**55,279**	55,163
Collective provisions	**3,071**	2,774
Total tier 2 capital	**58,350**	57,937
Total regulatory capital resources	**403,539**	341,758

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

27. Ultimate controlling company

UTB Partners Plc is the Bank's immediate parent, owns 100% of the Bank and is recognised by the directors as the Bank's ultimate controlling company. Financial statements for UTB Partners Plc, which is the smallest and largest group into which the Bank is consolidated, can be obtained from UTB Partners Plc, One Ropemaker Street, London EC2Y 9AW. The directors have no interests in the shares of any group company other than UTB Partners Plc. Mr Graham Davin, a Director, and his family are potentially interested in 56.2% of the issued share capital of the Company.

28. Subsequent events

In December 2024, the Bank announced that an agreement had been reached between the majority shareholders of the Bank's parent, UTB Partners Plc ("UTBP"), and Warburg Pincus, whereby Warburg Pincus will acquire a 21% minority equity interest in UTBP. This agreement was approved by shareholders of UTBP on 14 January. Regulatory clearance was received in February 2025 and accordingly completion of the transaction will now proceed during March. In February 2025, UTBP issued £50m of Additional Tier 1 capital to a pool of institutional investors. The capital was passed down to UTB via a simultaneous AT1 issue from UTB to UTBP. There have been no other significant events after the date of the Statement of Financial Position.

Company Information

Bankers
Barclays Bank Plc
Lloyds Bank Plc

Independent Auditors
PricewaterhouseCoopers LLP

Legal Advisors
CMS Cameron McKenna
Nabarro Olswang LLP

Company Secretary
Natasha Thomas

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Registered Number
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Website
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Country of Incorporation
United Kingdom

United, we go further

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